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And Employment  
in South Africa**

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# **Unemployment and employment in South Africa**

**Statistics South Africa  
1998**

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Statistics South Africa (Stats SA) is the new name for what was previously known as the Central Statistical Service (CSS).

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# Executive summary

## The new official definition of the unemployed

Statistics South Africa (Stats SA), previously known as the Central Statistical Service (CSS), recently revised its definition of the *official unemployment rate* in line with the main International Labour Organisation (ILO) definition, which is used by more than eighty percent of both developed and less developed countries, and South Africa's major trading partners (see Appendix A).

On this new definition, the *unemployed* are those people within the economically active population who:

- (a) did not work during the seven days prior to the interview;
- (b) want to work and are available to start work within a week of the interview; and
- (c) have taken active steps to look for work or to start some form of self-employment in the four weeks prior to the interview.

The *economically active population* consists of both those who are employed and those who are unemployed. Its size therefore varies according to the definition of unemployment used.

The *official unemployment rate* is calculated as the percentage of the economically active population which is unemployed, according to the above definition. The sequence of calculation is shown in Table A on p.3.

The new official unemployment rate corresponds to what Stats SA previously called the *strict* unemployment rate, i.e. using criterion (c) as well as (a) and (b), set out above. By contrast, the *expanded* unemployment rate does not require criterion (c), but only (a) and (b), and was the basis of the official definition used until recently.

## Aims of this report

This report brings together information on employment and unemployment from diverse Stats SA data sources.

- For employment statistics, two available sources are used – establishment surveys conducted among formal businesses and the public sector, and household surveys.
- For employment, unemployment, and employment in the informal sector, the only source presently available – household surveys – is used.

Stats SA establishment surveys reach formal businesses and the public sector by post and fax. They exclude agriculture, the informal sector and domestic work. The latest revisions to these surveys are embodied in the quarterly *survey of total employment and earnings* (STEE) and the *survey of average monthly earnings* (AME), which have been developed as integrated instruments.

The main household surveys referred to in this document are the annual *October household surveys* (OHS) of 1994, 1995, 1996 and 1997, conducted by Stats SA. In these surveys, Stats SA asks informants in 30 000 households for information on the labour market status of all people aged 15 to 65 years. The surveys therefore cover informal as well as formal sector employment and include the agricultural sector and domestic workers. They also cover a variety of demographic, social and economic topics.

In addition to these annual October household surveys, reference will also be made to two other Stats SA household surveys:

- the *income and expenditure survey* of 1995, during which extra information was collected from the same households as those visited during the 1995 OHS; and
- the *special retrospective survey of employment and unemployment* (SRS), which was conducted during September 1997 among a sample of respondents drawn from 12 000 households.

People working in the mining and quarrying sector were excluded from household survey calculations. Because so many workers in this sector reside in inaccessible hostels, they are inadequately covered in a household survey. For supplementary figures which include miners, see Appendix B.

## **Definitions of terms used in this document**

Definitions of all terms used in this document are given on p. 14.

## **Summary of the report**

### **The labour market**

This section of the executive summary contains details of two technical labour market concepts: the labour force participation rate and the labour absorption rate. The general reader may prefer to move directly to the section, on the unemployed and those who are not economically active, found on p. 4.

- On the basis of successive October household surveys, StatsSA found that, between 1994 and 1997, the labour force participation rate – the percentage of the population aged 15 to 65 years which was economically active – showed a decrease from 48% to 44% under the new *official* definition (see row h of Table A). (The corresponding figures under the expanded definition are shown in row m of Table A.)
- The labour absorption rate – the percentage of the working age population which was employed – fell from 40% in 1994 and 39% in 1995 to 36% in 1996 and 35% in 1997 (see row c of Table A). In 1994 and 1995, approximately 8,0 million people were employed, while in 1996 and 1997 the number was nearer 7,5 million (row b of Table A).

- The labour absorption rate differed widely between population groups. For men, it ranged between 35% for Africans and 68% for whites; for women, it ranged between 22% for Africans and 44% for whites.
- Completion of school or a tertiary education was related to higher rates of labour absorption.
- Urban men had the highest labour absorption rate, with 40% of those of working age being employed; non-urban women had the lowest, with only 15%.
- There were lower levels of economic activity for men and women in both the 15 to 30 years and 46 to 65 years age groups, with peak economic activity in the intermediate 31 to 45 years age group.

**Table A: The labour market**

<b>1: Employed measured by OHS 1994-1997, and labour absorption</b>					
		<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
<b>a</b>	<b>Population 15-65 years (000s)<sup>1</sup></b>	20 866	21 324	21 815	22 294
<b>b</b>	<b>Employed measured by OHS (000s)</b>	7 971	8 069	7 590	7 548
<b>c=100*b/a</b>	<b>Labour absorption rate ( % )</b>	38,2	37,8	34,8	33 9

<b>2: Official unemployment rate measured by OHS 1994-1997, and corollaries</b>					
		<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
<b>d</b>	<b>Unemployed measured by OHS: official definition (000s)</b>	1 988	1 644	2 019	2 238
<b>e=b+d</b>	<b>Economically active (000s)</b>	9 959	9 713	9 609	9 787
<b>f=a-e</b>	<b>Not economically active (000s)<sup>2</sup></b>	10 907	11 612	12 206	12 507
<b>g=100*d/e</b>	<b>Official unemployment rate ( % )</b>	<b>20,0</b>	<b>16,9</b>	<b>21,0</b>	<b>22,9</b>
<b>h=100*e/a</b>	<b>Labour force participation rate ( % )</b>	47,7	45,5	44,0	43,9

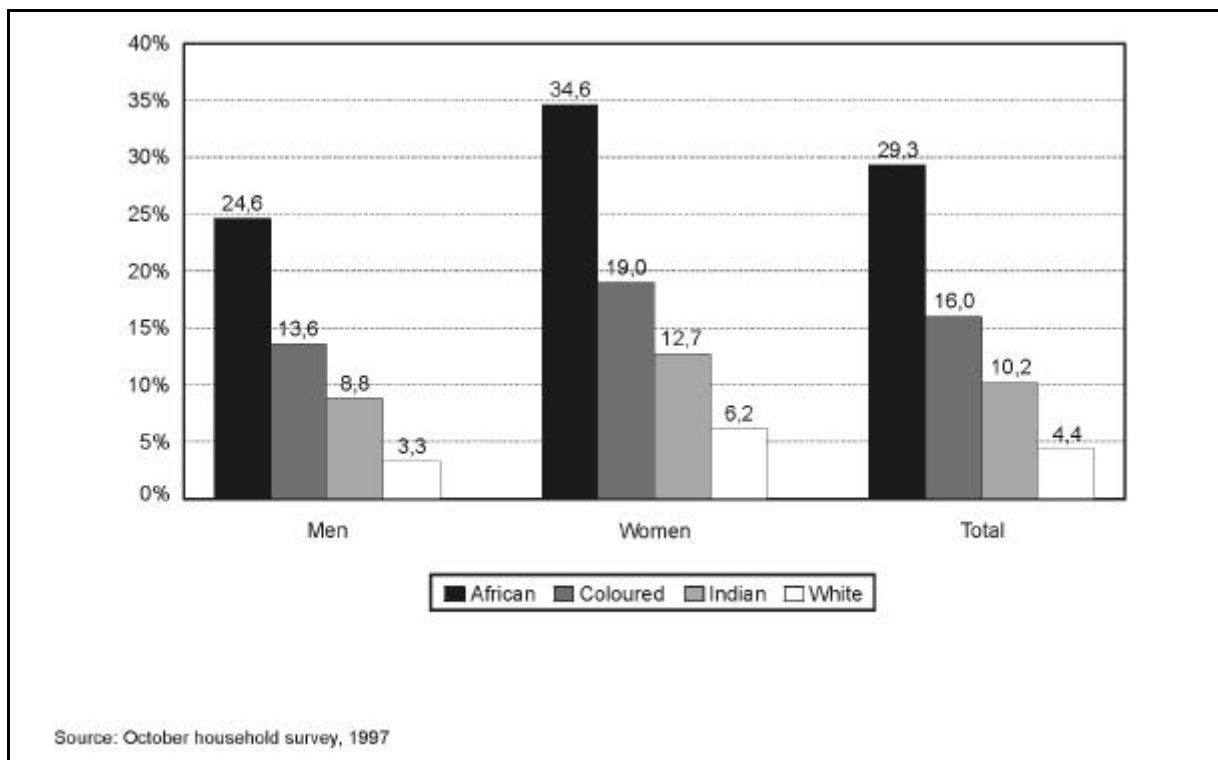
<b>3: Expanded unemployment rate measured by OHS 1994-97, and corollaries</b>					
		<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
<b>i</b>	<b>Unemployed measured by OHS: expanded definition: (000s)</b>	3 672	3 321	4 197	4 551
<b>j=b+i</b>	<b>Economically active (000s)</b>	11 643	11 390	11 787	12 100
<b>k=a-j</b>	<b>Not economically active (000s)</b>	9 223	9 934	10 028	10 195
<b>l=100*i/j</b>	<b>Expanded unemployment rate ( % )</b>	<b>31,5</b>	<b>29,2</b>	<b>35,6</b>	<b>37,6</b>
<b>m=100*j/a</b>	<b>Labour force participation rate ( % )</b>	55,8	53,4	54,0	54,3

1. The population figures are derived from preliminary population estimates of Census '96.

2. The not-economically active include pensioners, full-time students, disabled, people and full-time homemakers.

## The unemployed and those who are not economically active

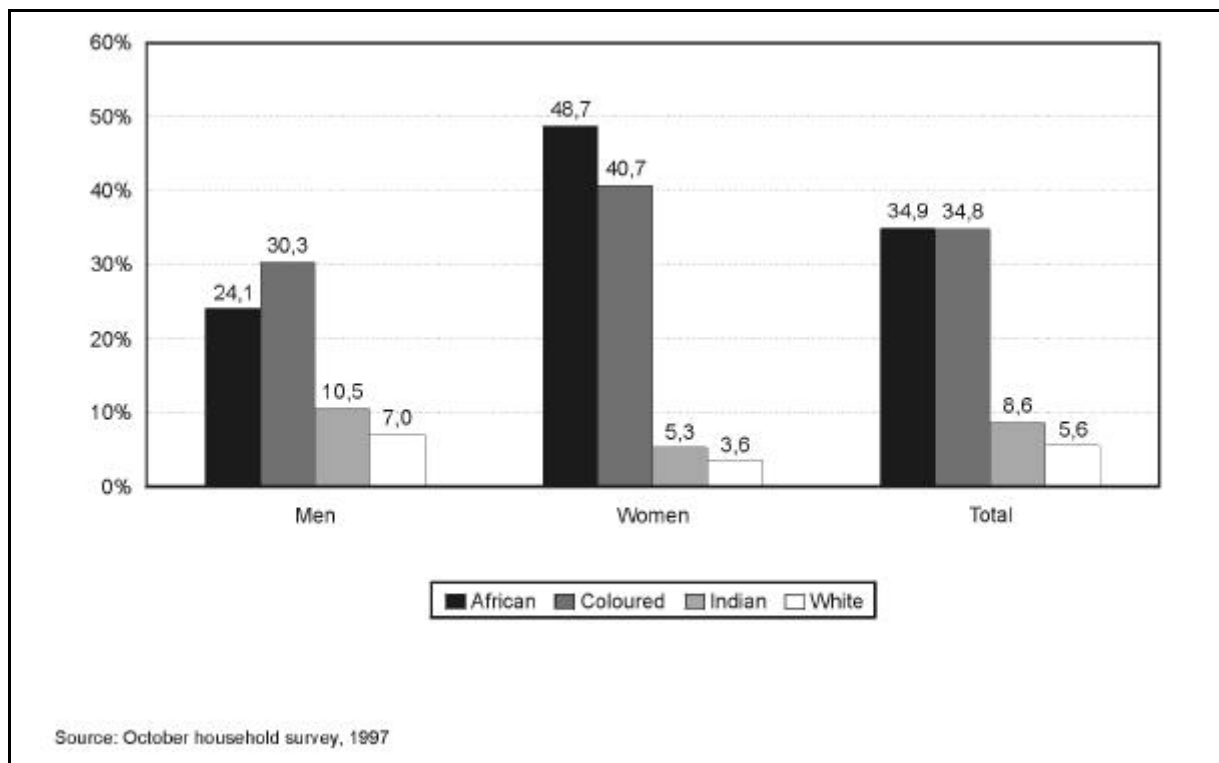
- Unemployment in South Africa has increased since 1995. The official unemployment rate was 20,0% in 1994, falling to 16,9% in 1995 and then rising to 21,0% in 1996 and to 22,9% in 1997. (The expanded unemployment rate was 31,5% in 1994, decreasing to 29,2% in 1995 and then rising to 35,6% in 1996 and to 37,6% in 1997.)
- In 1997, official unemployment rates were highest for African people (29%), followed by coloured (16%), Indian (10%) and then white (4%) people (see right-most bars in Figure A).
- Official unemployment rates were lower for men than for women overall (19% versus 28%), and within each population group (See Figure A). For example, among coloureds 14% of men versus 19% of women were unemployed.
- Using the official definition, 10% of the economically active in the oldest age group (46 to 65 years), and 19% of those in the middle group (31 to 45 years) were unemployed, compared to 35% of those in the youngest age group (15 to 30 years).
- Twenty-seven percent of all economically active people in non-urban areas were unemployed in 1997, using the official definition, compared to 22% of those in urban areas.
- The majority of those who were unemployed in 1997 had been unable to find a job for at least a year.
- The majority of people who are not economically active are students, retirees or full-time homemakers.



**Figure A: Official unemployment rates by population group and gender: October 1997**

## The employed in the October household surveys

- Altogether, approximately 8,0 million people were employed in 1994, decreasing to approximately 7,5 million in 1997 (see row b of Table A).
- In both the formal sector series and the household surveys there was a slight increase in employment in 1995 compared with 1994, and then a decrease in 1996 and 1997.
- The tertiary sector dominated the work opportunities of the economy. At least one in every two jobs were classified within this sector between 1994 and 1997.
- Women in particular tended to work in the tertiary sector – 75% of employed women were working in this sector in 1994, decreasing to 69% in 1997.
- There was an overall decrease in the number of people employed in elementary occupations between 1994 and 1997, and in the proportions (from 36% to 28% of all jobs). However, elementary occupations continued to dominate the employment picture.
- Among employed African women almost half (49%) were in elementary jobs in 1997, compared to 41% among employed coloured women. By contrast, among employed African men 24% did elementary work as against 30% of coloured men (see Figure B).
- The vast majority of employed people worked as employees in 1997.



**Figure B: The percentage of employed in elementary occupations by population group and gender: October 1997**

## Formal sector employment

- Since December 1994, the number of jobs in the formal non-agricultural sector has been gradually decreasing from approximately 5,3 million in December 1994 to approximately 5,1 million in December 1997. The decline was not uniform across all sectors.

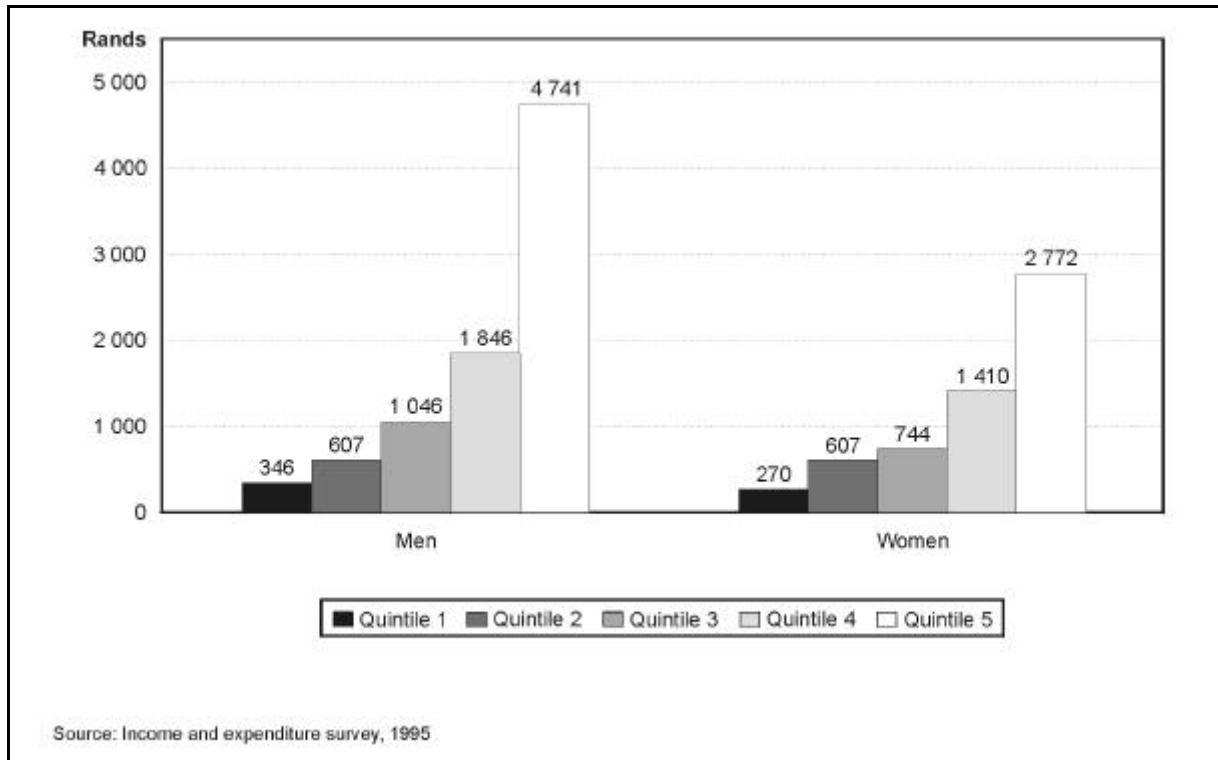
- In two sectors, namely, trade and financial services, new employment was recorded. These sectors accounted for around 20% of all formal sector jobs in December 1997.
- In six of the eight sectors (community, personal and social services; manufacturing; mining and quarrying; construction; and transport and electricity) job losses were recorded. These six sectors contributed about 80% of jobs to total formal sector employment in December 1997.

## **The dynamics of employment**

- In the *special retrospective survey* (SRS) of 1997, 12 000 respondents were asked to report on their own experiences of employment and unemployment over the 40-month period starting in April 1994 (the time of the first democratic elections in South Africa), and ending in September 1997 (the time of the interview).
- Throughout the 40 months, there were some 1 194 changes of status; 608 in the sample of 12 000 were cases where a job was lost, and 587 were cases when an unemployed or not economically active person found a job.
- Of the persons in the sample who were employed at the time of the interview, more than 93% reported having worked throughout the three-year period, without experiencing a single episode of unemployment. Conversely, of the unemployed at the time of the interview, 90% had not worked at any time during the period.
- When comparing month-on-month employment changes in the SRS and those in the formal sector, both showed an overall decrease in employment between June 1994 and September 1997. But the overall decrease was steeper in the formal sector statistics than in the SRS. This may be due in part to employment opportunities arising in the informal sector.

## **Poverty and labour market status**

- In 1995, Stats SA conducted an *income and expenditure* survey at the same time as the annual October household survey. On the basis of the data from the second survey, households were divided into five roughly equal groups, or quintiles, according to annual household income.
- For both women and men, there was a steady decrease in the unemployment rate with increasing household income. Among the poorest fifth of households, 29% of economically active men and 36% of economically active women were unemployed. Conversely, among the wealthiest fifth of households, only 4% of economically active men and 6% of economically active women were unemployed.
- Thirty-five percent of households in the bottom quintile contained no employed people at all, compared to 23% in the top quintile.
- Conversely, 24% of households in the bottom quintile contained two or more employed people, compared to 37% of those in the top quintile.
- There were marked discrepancies in average monthly wages and salaries paid to employed men and women in each income quintile (see Figure C).



**Figure C: Average monthly wages and salaries of men and women in each income quintile: October 1995**

### Further analyses

- A time series analysis shows that employment and unemployment change in relation to the inflation rate, gross domestic product (GDP) and interest rates. Overall, unemployment rises some months after the inflation rate and GDP have decreased and interest rates have increased.
- A loglinear analysis displays the pattern of simultaneous relationships between official unemployment rates, occupation of the employed and factors such as age, gender, population group, and urban/non-urban milieu. Population group, gender, education and age are important interacting variables. This is discussed in the subsequent chapters.



**PLEASE TURN THE PAGE**

# Chapter 1

## Introduction

Decision-makers in South Africa are increasingly seeking information on the extent of employment and unemployment, not only for policy formulation, but also for the development of relevant programmes, and for monitoring their progress over time.

This report brings together information on employment and unemployment from diverse data sets gathered by Statistics South Africa (previously known as the Central Statistical Service).

- For employment statistics, two available sources are used – establishment surveys conducted among formal businesses and the public sector, and household surveys.
- For employment, unemployment, and employment in the informal sector, the only presently available source – household surveys – is used.

Each of these sources, what they cover, and what they exclude, is discussed below.

### Surveys among formal businesses

The information presented here is based on a series of 17 monthly or quarterly labour surveys covering formal businesses (including private and public establishments or firms), collected between April 1994 and December 1997. All of these surveys, as well as other establishment-based labour surveys such as the occupational survey, have recently been replaced by three new cross-sectoral surveys. In particular, the quarterly *survey of total employment and earnings (STEE)* and the *survey of average monthly earnings (AME)* have been developed as integrated instruments to obtain the same information, but more promptly and with better spread.

The following sectors were included in the previous 17 formal business surveys (and are now included in STEE and AME):

- mining and quarrying;
- manufacturing;
- electricity (Eskom only);
- construction;
- trade;
- hotels and guest houses, bed and breakfast accommodation;
- transport;
- building societies, banking institutions, and insurance companies;
- national departments, provincial administrations, and local governments;
- parastatal institutions, universities and technikons, and public corporations.

The following sectors are excluded:

- agriculture, hunting, forestry and fishing;
- domestic work in private households;
- the informal sector.

Information is collected on the number of employees for the last pay day of the reference period (month or quarter); the number of employees appointed and the number who left the business/organisation; the gross salaries and wages paid; and severance, termination and redundancy payments.

## Household surveys

The main household surveys referred to in this document are the annual *October household surveys* (OHS) of 1994, 1995, 1996 and 1997, conducted by Statistics South Africa (Stats SA). These are general surveys covering a variety of demographic, social and economic topics, as well as employment and unemployment.

Stats SA has conducted five October household surveys. The first, undertaken in October 1993, is not comparable with later surveys, since it excluded the former Transkei, Bophuthatswana, Venda and Ciskei (TBVC states).

- The 1994 OHS was the first household survey that covered the entire country, including the former TBVC states. Interviews were conducted with respondents in 30 000 households in a thousand enumeration areas (EAs). Thirty households were visited in each EA.
- In 1995, the OHS was again conducted among 30 000 households. However, the sample was more widely dispersed throughout the country. Three thousand EAs were sampled, and ten households visited in each EA.
- In 1996, the survey was conducted in November. Due to time and financial constraints, 16 000 households were visited in 1 600 EAs.
- In 1997, the sample size was once again increased to 30 000 households, and visited as in 1995.

In addition to the annual OHS, two other Stats SA household surveys will be referred to in this report:

- the *income and expenditure survey* of 1995, during which information was collected from the same households as those visited during the 1995 OHS; and
- the *special retrospective survey of employment and unemployment* (SRS), which was conducted during September 1997 among a sample of 12 000 respondents drawn one per household. This survey attempted to obtain retrospective information directly from respondents rather than from proxy respondents. It covered employment and unemployment trends from April 1994, the time of the country's first democratic elections, up to the time of the survey.

## Re-weighting the OHS surveys

Previously, OHS surveys were weighted to reflect estimates of population size using the 1991 population census. However, the preliminary results of the 1996 population census indicate that the size of the country's population had been over-estimated in the demographic model that was used to adjust the tally in 1991.

- For the purposes of this publication, the data in these surveys have been re-weighted by population group, gender and age group, on the basis of Stats SA's preliminary estimates of the size of the population in 1996. These estimates in turn are based upon the post-enumeration survey (PES), conducted just after the October 1996 population census. Consequently, the population numbers and percentages reported here differ from those reported previously.
- The PES was designed for establishing the census undercount, rather than to weight sample surveys. A systematic sample of 800 EAs was drawn, stratified by EA type (for example, by formal and informal settlements). Interviews were conducted in the households in a particular EA. The sample of households is therefore highly clustered. But it is the best data set that is presently available for weighting purposes.
- To allow for population growth in advance of Census '96 results, taking October 1996 as the starting point, the weights for 1994, 1995 and 1997 were further adjusted backwards and forwards to a population growth rate of 2,07% per annum. This rate was agreed to in a workshop of demographers run jointly by the Financial and Fiscal Commission (FFC) and Stats SA during July 1996.
- This agreed overall population growth rate may be inaccurate, particularly when applied the age group 15 to 65 years. This is the age category defined as the working age population, since the overall growth rate differs across diverse age categories. The final results of Census '96 will give a better indication of the numbers and proportions in all age groups.

## Differences between OHS surveys over time

On the basis of its own experience, and advice from users and consultants from other statistical agencies, Stats SA has been attempting to refine and improve the OHS questionnaire, particularly the component on employment and unemployment. Definitions have also been refined. The questions or sequence have therefore altered somewhat over time. Nevertheless, direct comparisons have been sought by re-categorising during computation.

## A new official unemployment rate

In accordance with widely-accepted international practice, Stats SA has recently changed its official definition of unemployment. The *unemployed* are defined as those people within the *economically active population* who:

- (a) did not work during the seven days prior to the interview;
- (b) want to work and are available to start work within a week of the interview; and
- (c) have taken active steps to look for work or to start some form of self-employment in the four weeks prior to the interview.

The *economically active population* consists of both those who are employed and those who are unemployed. Its size therefore varies according to the definition of unemployment used.

The *official unemployment rate* is calculated as the percentage of the economically active population which is unemployed, according to the above definition. The sequence of calculation is shown in Table 1.

The new official unemployment rate corresponds to what Stats SA previously called the *strict* unemployment rate, i.e. using criterion (c) as well as (a) and (b), as set out above. By contrast, the *expanded* unemployment rate – the official definition used until recently – does not require criterion (c), but only (a) and (b).

The narrower International Labour Organisation (ILO) definition, which has been adopted by Stats SA, is used by more than eighty percent of both developed and less-developed countries, among 114 countries which report their unemployment rate to the ILO, and by South Africa's major trading partners (see Appendix A).

Among the countries including work-seeking behaviour in their official definition, i.e. criterion (c), the reference period varies. Some countries use the week prior to the interview as the reference period for work-seeking, others use two or four weeks or a month, and yet others use the previous year. However, the most common time period is four weeks prior to the interview. Stats SA has therefore retained this time period for work-seeking in its new official definition.

In addition to international comparability, Stats SA changed the official definition for technical reasons. The reporting by respondents, or proxy respondents, of wanting to work and availability for work are more subjective and unstable than reporting of actual work-seeking behaviour.

## **Information on official and expanded definition of unemployment**

Stats SA has published the expanded as well as the new official definition of the unemployment rate, partly for comparability with previous OHS reports, and partly because, as the ILO notes, an expanded definition may be appropriate 'in situations where the conventional means of seeking work are of limited relevance, where the labour market is unorganised or of limited scope, where labour absorption is at the time inadequate'. There are various indications that these circumstances are applicable to some extent in South Africa.

- Among those who are included in the expanded but not the strict definition of unemployment will be discouraged job-seekers (those who said they were unemployed but had not taken active steps to find work in the four weeks prior to the interview).
- The SRS shows that the main reasons cited among discouraged work-seekers for having stopped looking for work are a loss of hope of finding work (33%), a lack of jobs in the area in which they live (25%) and a lack of money for transport to look for work (18%).
- In a situation where unemployed people know that there are very few, if any, jobs available, they may feel that the financial and other costs of work-seeking are not worthwhile.

- The main method which people had in mind regarding seeking work, according to the preliminary findings of the SRS, turns out to be a rather stringent criterion. It involved going in person to workplaces asking for work (72% of unemployed people who had looked for work four weeks prior to the interview had taken this step, either as the only step or else in combination with other steps).

## **Technical notes**

### **Handling missing and unspecified values**

Missing values are excluded from calculations of percentages in this publication.

### **Using decimal places**

In tables and graphs, percentages are indicated to the first decimal place. In the text, for convenience of use by policy-makers, percentages are rounded to the nearest whole number, except for the aggregate unemployment rates and establishment comparisons, where small differences necessitate the use of a decimal place.

## **Layout of the rest of this report**

Chapter 2 examines the four sequential OHSs (1994 to 1997) and focuses on the labour market as measured in these surveys, including the economically active, the employed and the unemployed.

Chapter 3 focuses specifically on unemployment, and sets out the unemployment rates using the two definitions (official and expanded). Then it examines the length of time that people have been unemployed. Finally, it focuses on those who are out of the labour market, the ‘not economically active’, and their reasons for this status.

Chapter 4 describes the work situation of the employed, using household survey data, by economic sector and by occupation. The type of employment (whether the person is self-employed or an employee or both, or a domestic worker) is also discussed.

Chapter 5 reviews employment in the non-agricultural formal business sector, as reflected in Stats SA collections from public and private sector establishments.

Chapter 6 compares the results of the SRS with those of the business surveys to examine labour market dynamics.

Chapter 7 examines the data concerning poverty from the 1995 *income and expenditure survey*, and its links to the labour market, via the 1995 OHS.

Chapter 8 looks at some analytical aspects of comparing diverse data sets.

## Definitions of terms used in this document

- A *household* consists of a single person or a group of people who live together for at least four nights a week, who eat together and who share resources.
- The *working age population* includes all those aged between 15 and 65 years.
- The *economically active population* consists of both those who are employed and those who are unemployed. The terms *supply of labour* and *the labour force* are used as synonyms for the term economically active population.
- *Labour market status* refers to whether or not a person is in or out of the labour market, i.e. whether or not he or she is economically active.
- The *employed* are those who performed work for pay, profit or family gain in the seven days prior to the household survey interview, or who were absent from work during these seven days but did have some form of work for pay, profit or family gain during this time.
- The *unemployed* are those who did not work during the seven days prior to the interview, but were looking for, or willing to accept, work.
- The *unemployment rate* is calculated as the percentage of the economically active population which is unemployed. As discussed earlier, there are two unemployment rates, the *official* and the *expanded*.
- The people who are *out of the labour market* or who are *not economically active* are those in the age category 15 to 65 years who are not available for work. This category includes full-time scholars and students, full-time homemakers, those who are retired, and those who are unable or unwilling to work.
- The *labour force participation rate* is calculated as the percentage of the working age population which is economically active (the employed and the unemployed).
- The *labour absorption rate* is calculated as the percentage of the working age population which is employed.
- *The formal sector* includes all businesses which are registered.
- *The informal sector* consists of those businesses which are unregistered. They are generally small in nature, and are seldom run from business premises, using instead homes, street pavements or other informal arrangements.
- *Economic sector or industry* refers to the type of organisation or business in which the person works, for example, agriculture, forestry and fishing, manufacturing or construction. There are nine economic sectors (domestic work is usually included in the community, personal and social services sector).
- *Occupation* refers to the actual work the person does, for example, professional, clerical or elementary work. There are nine broad occupational categories (domestic work is usually included as elementary work). The same occupation may be carried out in various economic sectors.
- *The primary sector* includes agriculture, forestry, fishing, mining and quarrying.
- *The secondary sector* includes manufacturing, electricity and other utilities, and construction.
- *The tertiary sector* includes trade, transport, financial and business services, and social, personal and community services.
- *Type of employment* refers to whether or not the person is self-employed, or works as an employee, or both, or else works as a domestic worker in a household.
- *Location* refers to whether the person lives in an urban or non-urban area.
  - ⇒ An *urban* area is one which has been legally proclaimed as being urban. It includes towns, cities and metropolitan areas.
  - ⇒ A *semi-urban* area is not part of a legally proclaimed urban area, but adjoins it. Informal settlements are examples of these types of areas.
  - ⇒ In this publication, *semi-urban* areas have been *included* with urban areas.
  - ⇒ All other areas are classified as *non-urban*, including commercial farms, small settlements, rural villages and other areas which are further away from towns and cities.
- *Workers* include the self-employed, employers and employees in both the formal and informal sectors.

## Chapter 2

# The labour market

This chapter describes the features of the labour market, as depicted by four successive October household surveys (OHSs, 1994-1997).

- The target population consists of those in the age category 15 to 65 years (the working age population) and their labour market status.
- These include the *employed*, the *unemployed* according to the official and the expanded definitions, and those who are *out of the labour market* (see Chapter 1).

The key labour market measures, the labour absorption rates and the labour participation rates, are important in the effects of gender, population group, and education they reveal. But they are rather technical, and both measures are different from the more popularly-understood unemployment rates. As a result, the general reader may prefer initially to skip to Chapter 3, 'The unemployed and those who are not economically active'.

Table 1 shows the estimated number of people in the age group 15 to 65 years from 1994 to 1997 (row a). It also shows the size of the populations of employed (row b) and unemployed (row d or row i), which together equal the economically active population, i.e. the total labour force, using both the official and the expanded definitions of unemployment. This table excludes those working in the mining and quarrying sector.

- On the basis of preliminary estimates from the 1996 population census and the post-enumeration survey (PES), Stats SA estimated that there were 20,9 million people aged 15 to 65 years in 1994, increasing to 22,3 million in 1997 (row a).
- The *labour force participation rate* – the percentage of the population aged 15 to 65 years which was economically active – showed a slight decrease from 48% to 44% over the period October 1994 to October 1997 under the official definition (row h).
- The labour force participation rate varied from a high of around 56% in 1994 to a low of 53% in 1995, and then to an intermediate value of 54% in 1996 and 1997, under the expanded definition (row m).
- The *labour absorption rate* – the percentage of the working age population which was employed – fell from around 38% in 1994 and 1995 to 34% in 1997 (row c). In 1994 and 1995, approximately 8,0 million people were employed, while in 1996 and 1997 the number was nearer 7,5 million.

The mining and quarrying sector is not easily included in a household survey, since a large proportion of miners live in hostels, which are difficult to access. The data are thus not comparable across different years, since access is better in some years compared to others. Figures on employment from mining and quarrying have therefore been excluded from the OHS data sets.

Given the importance of the mining industry in South Africa, and the large number of mine workers living in hostels, this sector has been included in a separate appendix, using information from the *formal sector* data bases. In Appendix B, the differences in size of the



economically active population, consisting of the employed and the unemployed, are shown when miners are included.

**Table 1: The labour market**

<b>(i): Employed measured by OHS 1994-1997, and labour absorption</b>					
		<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
<b>a</b>	<b>Population 15-65 years (000s)<sup>1</sup></b>	20 866	21 324	21 815	22 294
<b>b</b>	<b>Employed measured by OHS (000s)</b>	7 971	8 069	7 590	7 548
<b>c=100*b/a</b>	<b>Labour absorption rate ( % )</b>	38,2	37,8	34,8	33,9

<b>(ii): Official unemployment rate measured by OHS 1994-1997, and corollaries</b>					
		<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
<b>d</b>	<b>Unemployed measured by OHS: official definition (000s)</b>	1 988	1 644	2 019	2 238
<b>e=b+d</b>	<b>Economically active (000s)</b>	9 959	9 713	9 609	9 787
<b>f=a-e</b>	<b>Not economically active (000s)<sup>2</sup></b>	10 907	11 612	12 206	12 507
<b>g=100*d/e</b>	<b>Official unemployment rate ( % )</b>	<b>20,0</b>	<b>16,9</b>	<b>21,0</b>	<b>22,9</b>
<b>h=100*e/a</b>	<b>Labour force participation rate ( % )</b>	47,7	45,5	44,0	43,9

<b>(iii): Expanded unemployment rate measured by OHS 1994-97, and corollaries</b>					
		<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
<b>i</b>	<b>Unemployed measured by OHS: expanded definition: (000s)</b>	3 672	3 321	4 197	4 551
<b>j=b+i</b>	<b>Economically active (000s)</b>	11 643	11 390	11 787	12 100
<b>k=a-j</b>	<b>Not economically active (000s)</b>	9 223	9 934	10 028	10 195
<b>l=100*i/j</b>	<b>Expanded unemployment rate ( % )</b>	<b>31,5</b>	<b>29,2</b>	<b>35,6</b>	<b>37,6</b>
<b>m=100*j/a</b>	<b>Labour force participation rate ( % )</b>	55,8	53,4	54,0	54,3

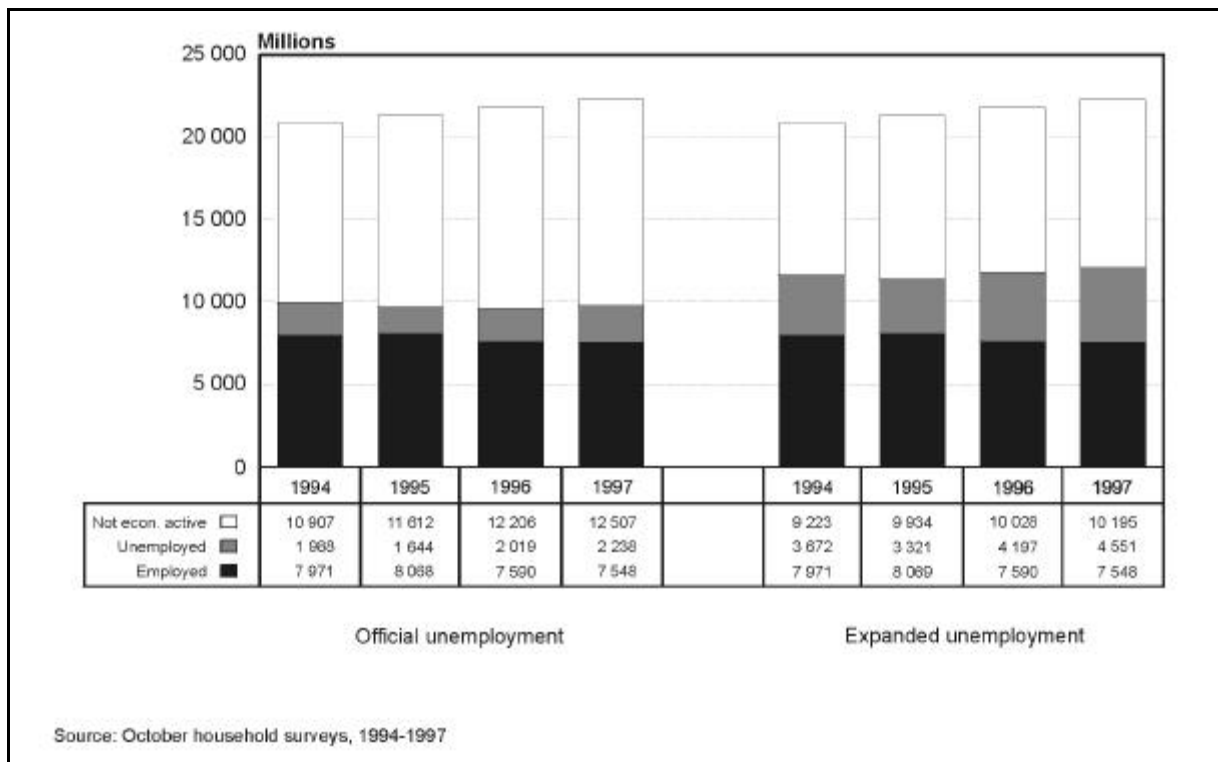
1. The population figures are derived from preliminary population estimates of Census '96.

2. The not-economically active include pensioners, full-time students, disabled people and full-time homemakers.

## Labour market status, 1994-1997

Figure 1 and the accompanying table (with the graph) show, for 1994 to 1997, the number of people aged 15 to 65 years (the working age population) in three categories – employed, unemployed and not economically active. For each year, breakdowns are provided for both the official and expanded definitions of employment.

- Under both definitions of unemployment, the proportion of those unemployed decreased between 1994 and 1995, but then increased in 1996 and 1997 to exceed the 1994 levels.
- The proportion of those in the age category 15 to 65 who were unemployed, as shown in this graph, is *not* the same as the unemployment rate, since the former calculation includes those who are out of the labour market. The unemployment rate, on the other hand, is the proportion of the *economically active* who are unemployed.

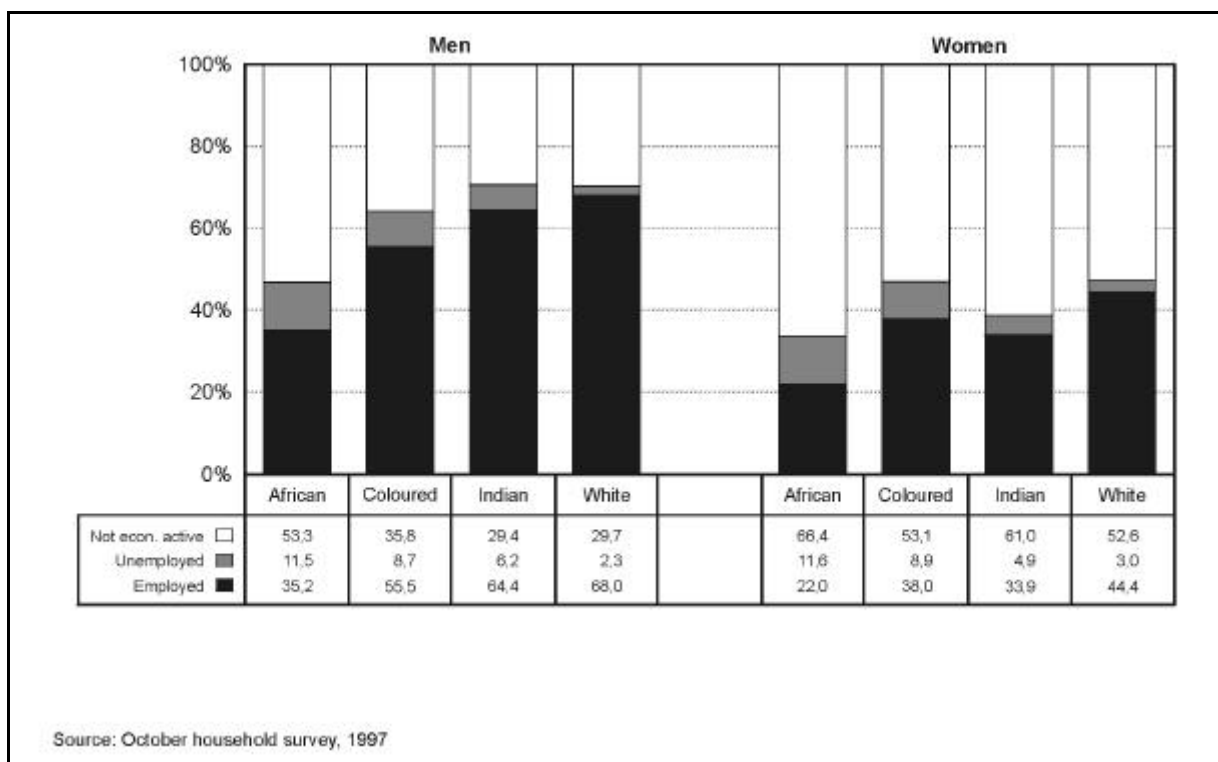


**Figure 1: Labour market status of the population aged 15 to 65 years: October 1994-October 1997**

## Labour market status by population group and gender, 1997

Figure 2 indicates the percentage of the working age population who were either employed or unemployed or who were not economically active in 1997 by gender and population group, using the *official* definition.

- In all population groups, a higher proportion of men than women was employed.
- The labour absorption rate, i.e. the percentage of the working age population which is employed, differed widely between population groups. For men, it ranged between 35% for Africans and 68% for whites. For women, it ranged between 22% for Africans and 44% for whites.



**Figure 2: Labour market status by population group and gender: October 1997**

## Comparison of labour force participation rates: official and expanded definitions of unemployment

Table 2 shows the percentage of people in the age category 15 to 65 years who were economically active in 1997, in South Africa as a whole, and in urban and non-urban areas, using both the official and expanded definitions of unemployment.

- With the official definition, 47% of African men were classified as economically active, as against 64% of coloured and approximately 70% of Indian and white men; 34% of African women were classified as economically active, compared with 39% of Indian and 47% of coloured and white women.

- With the expanded definition of unemployment, 58% of African men and 48% of African women were classified as economically active, as against 71% of white men and 49% of white women. Among coloureds, 69% of men and 52% of women were classified as economically active; among Indians, the percentages were 72% for men, and 41% of women.
- The differences between rows a and b in the table show how the work-seeking requirement of the narrower, new official definition has the effect that lower proportions of people are classified as ‘economically active’, and higher proportions as ‘not economically active’. The effect is strongest among Africans, especially women.

**Table 2: Labour force participation rates, using both the official and expanded definitions of unemployment: 1997**

Labour force participation rates	Men				Women				Total
	African %*	Coloured %*	Indian %*	White %*	African %*	Coloured %*	Indian %*	White %*	%
<b>Total:</b>									
<b>a. Official definition</b>	46,7	64,2	70,6	70,3	33,6	46,9	38,9	47,4	43,9
<b>b. Expanded definition</b>	57,8	68,6	72,1	71,2	48,1	52,3	41,4	49,2	54,3
<b>Urban:</b>									
<b>c. Official definition</b>	52,8	62,6	70,3	69,8	43,3	46,7	38,9	48,2	50,1
<b>d. Expanded definition</b>	62,0	67,3	71,9	70,7	54,7	52,1	41,5	50,1	58,4
<b>Non-urban:</b>									
<b>e. Official definition</b>	38,7	75,2	73,3	78,3	24,8	48,1	40,0	36,1	32,2
<b>f. Expanded definition</b>	52,5	78,3	73,3	78,3	40,0	54,3	40,0	36,1	46,6

\* Each percentage stands on its own, the remainder adding up to 100

### **Labour market status by location and gender, 1997**

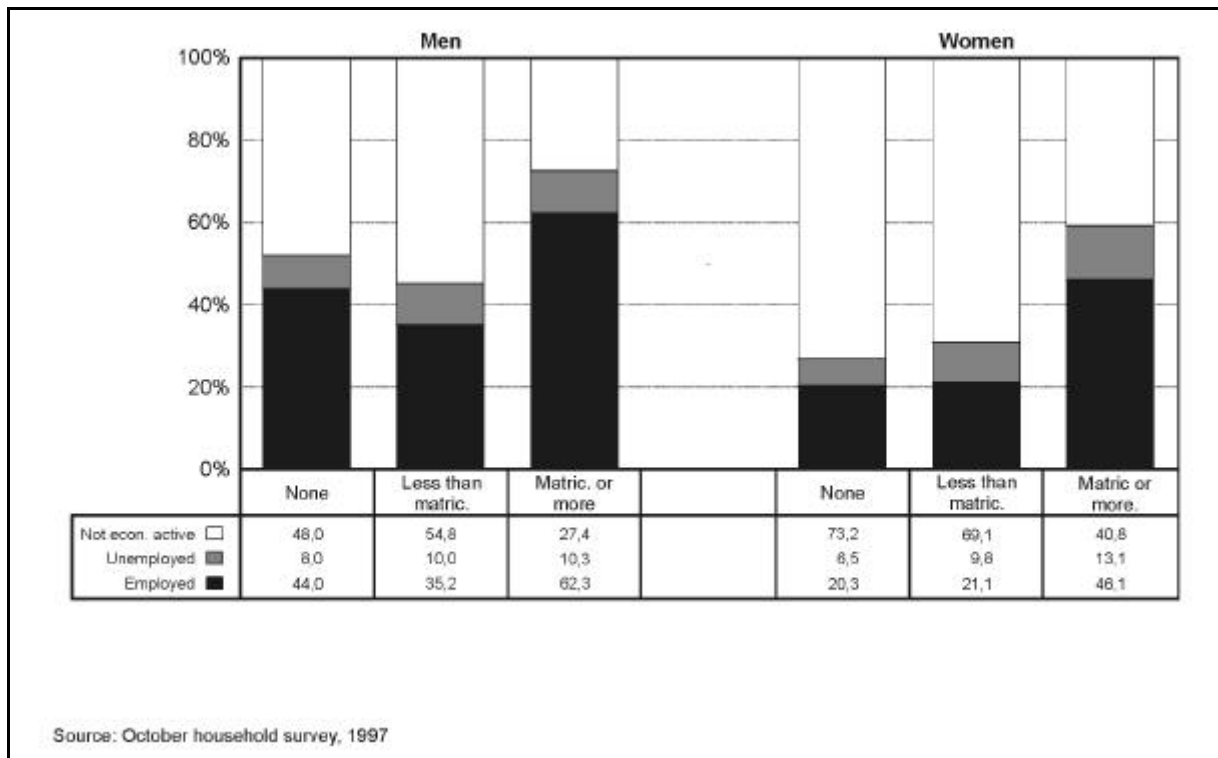
Living in an urban or non-urban area was also associated with varying labour force participation and labour absorption rates.

- Table 2, rows c and e, shows that, among African men aged 15 to 65 years, using the official unemployment definition, 53% of those in urban areas were economically active, compared with 39% in non-urban areas. Among African women in the same age category, 43% were economically active in urban areas, as against 25% in non-urban areas.
- Overall, urban men had the highest rate of labour absorption, with 40% of those of working age being employed. Non-urban men had a lower rate, at 29%.
- Urban women of working age had a labour absorption rate of 28% but, among non-urban women, the figure was 15%.

## Labour market status by education and gender, 1997

Figure 3 indicates that, for both men and women, completion of school, or a tertiary education, was related to higher rates of labour absorption.

- Sixty-two percent of men with matric. or higher qualifications were employed, as against 46% of women with this level of education.
- Working-aged men with no education had a higher rate of labour absorption (44%) than working aged men with an incomplete education of less than matric. (35%). Among women, however, the respective labour absorption rates were similar at 20%.



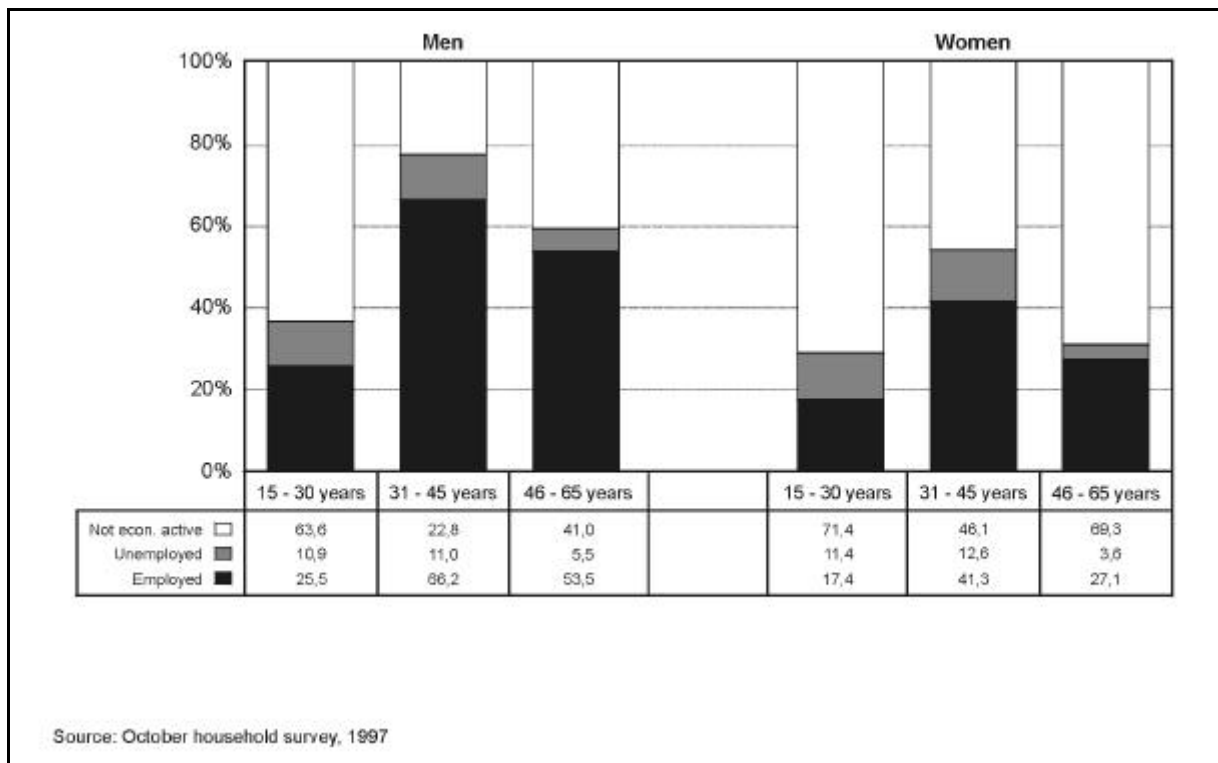
**Figure 3: Labour market status by gender and education: October 1997**

## Labour market status by age and gender, 1997

Figure 4 divides working age women and men into the three age categories – 15 to 30, 31 to 45, and 46 to 65 years. It examines the proportions of employed, unemployed and not economically active in each of these age categories using the official definition of unemployment.

- The graph shows lower levels of economic activity for both women and men in the younger and older age groups, with peak activity between 31 and 45 years.
- In the younger age group, many of those who were not economically active would have been full-time students and scholars. In the older age group, many would have been pensioners and retirees.

- In the age category 31 to 45 years, the peak of economic activity, a higher proportion of men (66%) than women (41%) were employed.



**Figure 4: Labour market status by gender and age: October 1997**

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# Chapter 3

## The unemployed and those not economically active

This chapter examines unemployment rates using mainly the official definition (see Chapter 1), first looking at the *trends* between 1994 and 1997. Then it focuses on 1997, and breaks down unemployment rates among men and women by population group, education, location and age. The length of time that people have been unemployed is examined in the chapter, which concludes by focusing on those who are not economically active, examining why they are in this category.

### Unemployment rates, 1994-1997

Table 3 indicates the estimated number of unemployed people in the country, and the unemployment rates on both the official and expanded definitions, as found in the 1995, 1996 and 1997 OHSs (1994 is excluded, because confidence limits calculated for that particular year were not directly comparable with those calculated for the later years).

**Table 3: The number of unemployed people between 1995 and 1997, using both the official and the expanded definitions**

Unemployed	Estimate (000s)	Lower limit* (000s)	Upper limit* (000s)	Unemployment rate (%)	Lower limit* (%)	Upper limit* (%)
<b>1995:</b>						
<b>Official</b>	1 698	1 553	1 735	16,9	16,1	17,7
<b>Expanded</b>	3 321	3 193	3 450	29,2	28,3	30,0
<b>1996:</b>						
<b>Official</b>	2 019	1 843	2 196	21,0	19,4	22,6
<b>Expanded</b>	4 197	3 958	4 437	35,6	33,9	37,3
<b>1997:</b>						
<b>Official</b>	2 238	2 149	2 328	22,9	22,1	23,7
<b>Expanded</b>	4 551	4 426	4 677	37,6	36,8	38,5

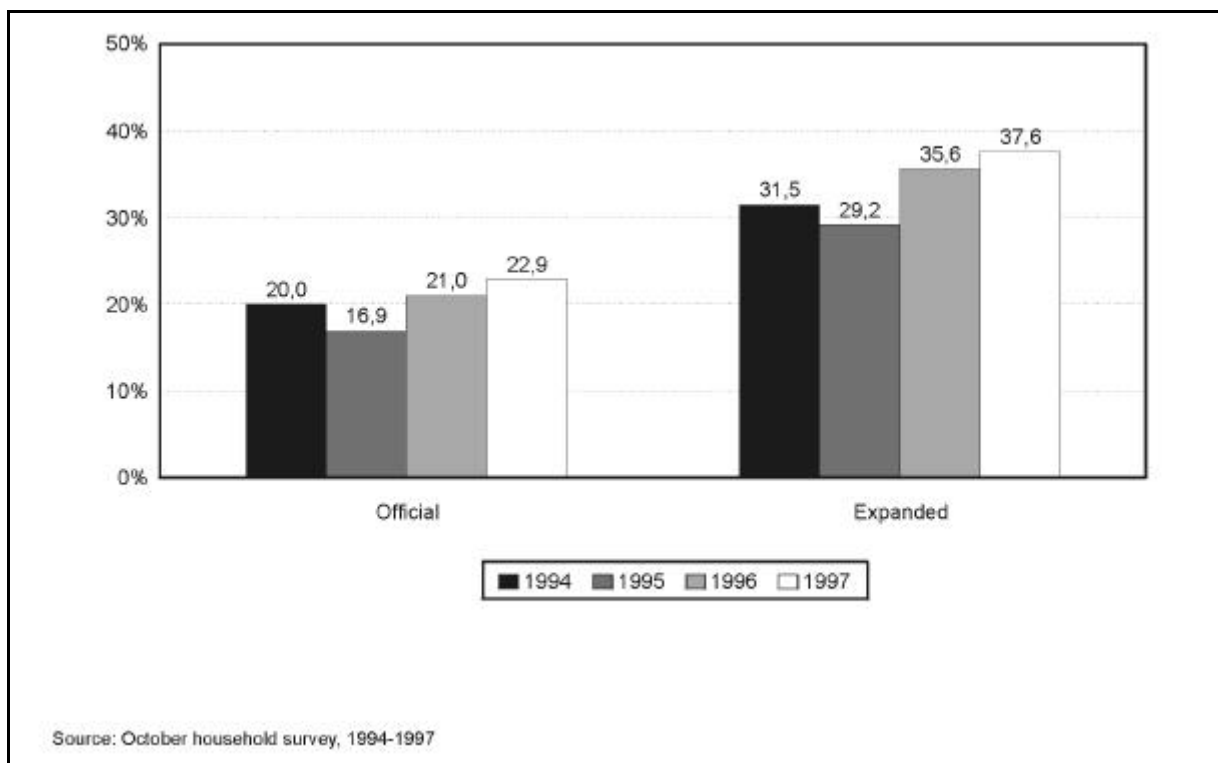
\* 95% confidence intervals

The table also indicates the lower and upper limits of these estimates, using 95% confidence intervals. For example, using the new weights based on the preliminary results of the 1996 population census, one is 95% sure that, in 1996, there were between 1,8 million and 2,2 million people who were unemployed (probably about 2,0 million), using the official definition. One is also 95% sure that the official unemployment rate was somewhere between 19,4% and 22,6% in 1996.



- The table shows that there has been an increase in both the actual number and the proportion of unemployed between 1995 and 1997, using both the official and the expanded definitions.
- When comparing 1996 and 1997, the difference in unemployment rates using the official definition is not statistically significant, since there is an overlap in the confidence intervals of the 1996 and 1997 estimates (the number of unemployed in 1996 lies somewhere between 1,8 and 2,2 million, while the number of unemployed in 1997 lies somewhere 2,1 and 2,3 million). It is also not statistically significant when using the expanded definition. This difference could therefore be explained by sampling error. One is consequently not sure whether or not there was an actual increase in the rate of unemployment between 1996 and 1997. On the one hand, the rising pattern suggests there was one. On the other hand, it may be that the rise in the unemployment rate was levelling off in 1997 after the sharp increase in 1996. The 1998 data will be necessary to resolve the issue.

Figure 5 shows the unemployment rates for the years 1994 through 1997, according to both the official and expanded definitions. Both the official and the expanded definitions yield a decrease in the rate of unemployment between 1994 and 1995, followed by increases in the following two years. For instance, the official unemployment rate decreased from 20,0% in 1994 to 16,9% in 1995, and then increased to 21,0% in 1996 and 22,9% in 1997.

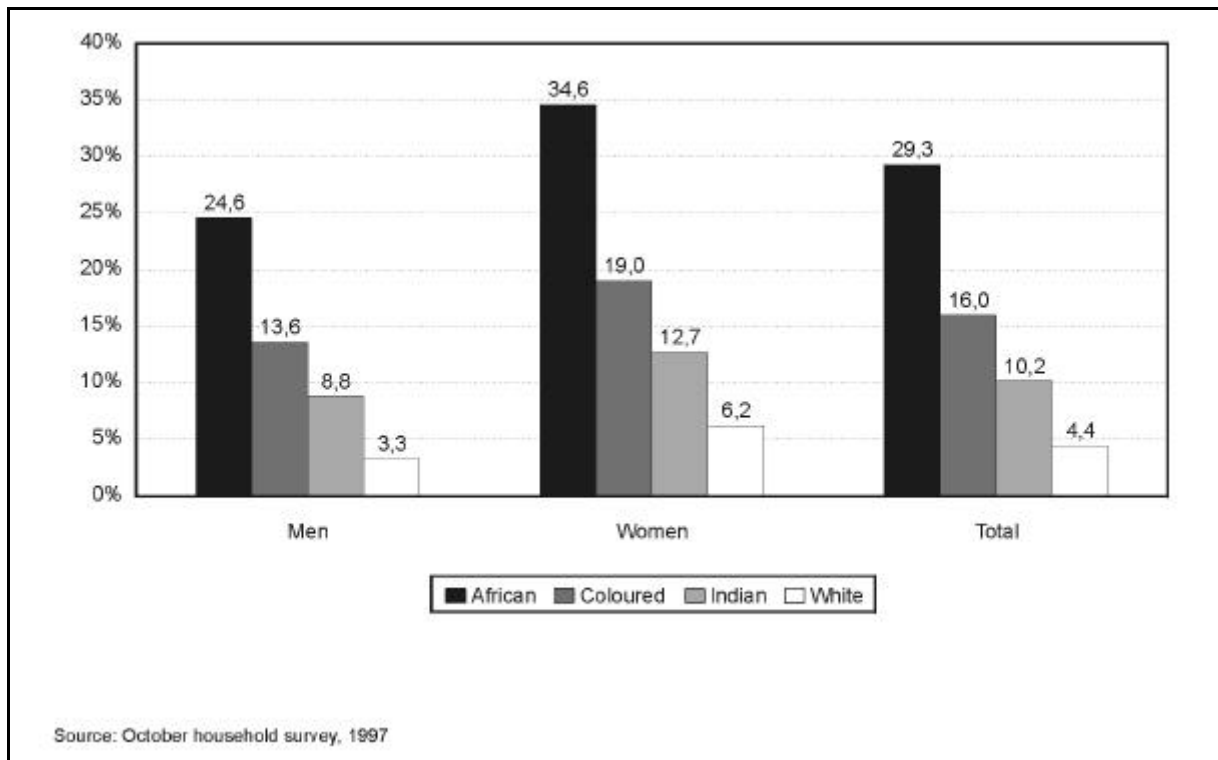


**Figure 5: Unemployment rates, official and expanded: October 1994-October 1997**

## Official unemployment rates by population group and gender, 1997

Figure 6 focuses on the most recent OHS data (1997). It shows that official unemployment rates were highest for African people, followed by coloured, Indian and then white people. This pattern held for women and men separately, as well as women and men combined.

- The bars on the right show that the official unemployment rates for the different population groups ranged between 5% for white people, and 30% for African, i.e. the African rate was more than six times as high as that for white people.
- At the one extreme of the spectrum, more than one in every three (35%) African women was unemployed. At the other extreme, about one in every 30 (3%) white men was unemployed.
- Overall, the unemployment rate for women (28%) was half as high again as for men (19%).
- The unemployment rate was also approximately 50% percent higher for women than men within each population group, e.g. 25% for African men versus 35% for African women.

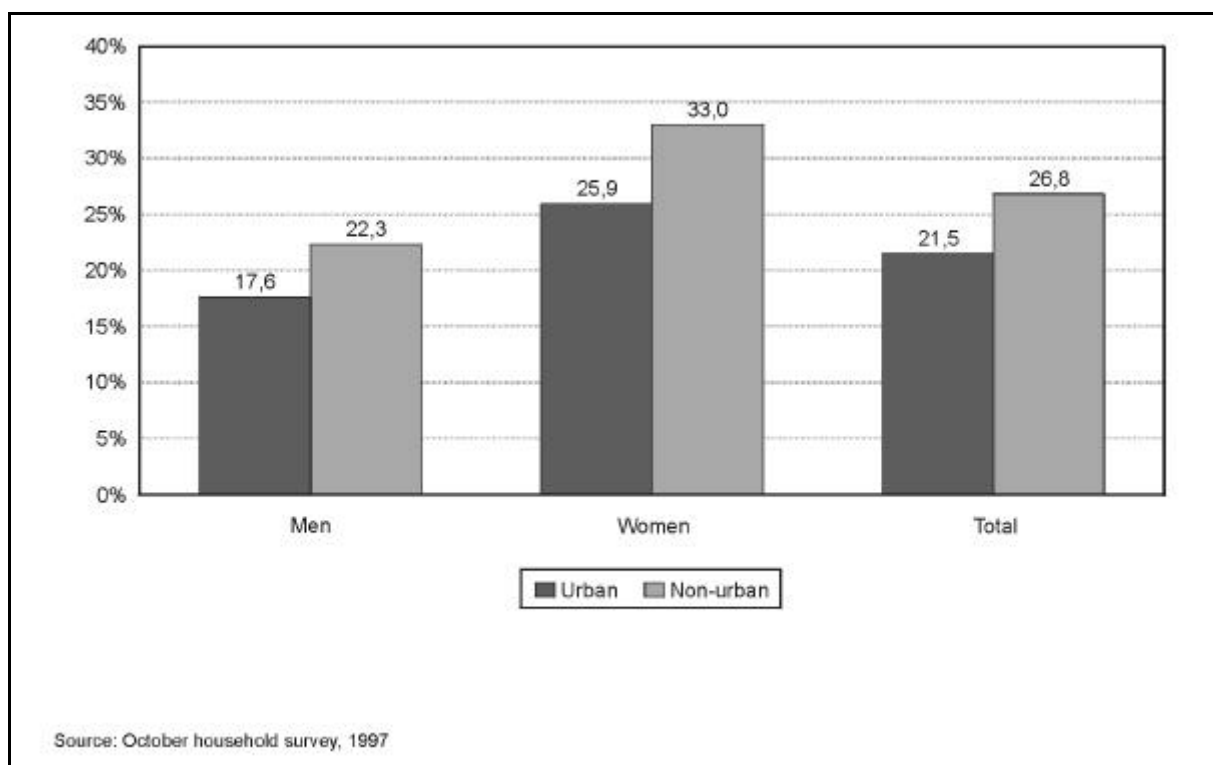


**Figure 6: Official unemployment rates by population group and gender: October 1997**

## Official unemployment rates by location and gender, 1997

Twenty-seven percent of all economically people in non-urban areas were unemployed in 1997, compared with 22% in urban areas.

- Figure 7 shows that, in non-urban areas, 22% of economically active men were unemployed, compared with 33% of economically active women. In urban areas, the corresponding figures were 18% and 26%.



**Figure 7: Official unemployment rates by gender in urban and non-urban areas: October 1997**

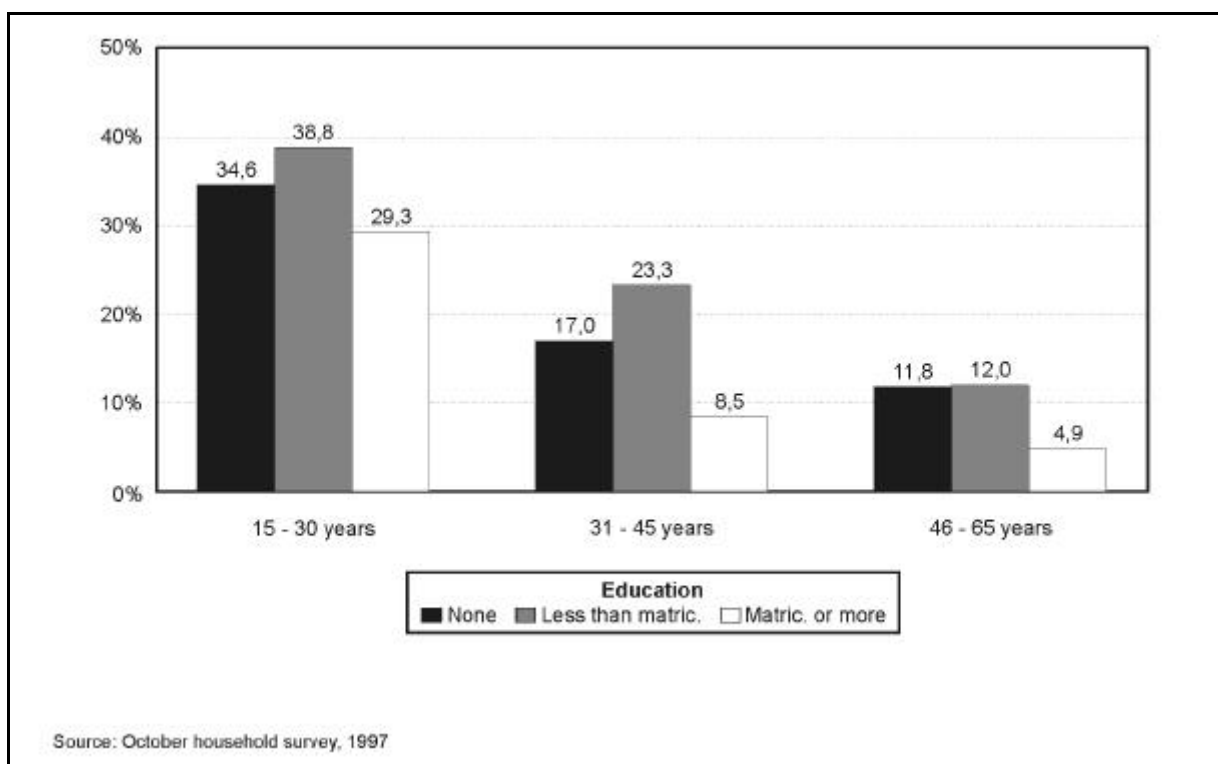
## Official unemployment rates by education and age, 1997

There is a curvilinear relationship between education and unemployment: 19% of those with no education are unemployed, rising to 25% among those with some education, but less than matric., and then dropping to 18% among those with matric. or higher qualifications.

- It is unusual to find people with incomplete schooling having higher unemployment rates than those with no schooling, or those with matric. or higher qualifications. But this association has been found previously in South Africa in the World Bank/SALDRU study of poverty<sup>1</sup>. As we shall see in the following chapter, a partial reason may be that there is a large proportion of people in elementary occupations, which are probably most suitable

<sup>1</sup> Project for Statistics on Living Standards and Development, 'South Africans Rich and Poor: Baseline household statistics', SALDRU, School of Economics, University of Cape Town, August 1994.

- for people with no education. There is also an increasing proportion of people in professional and managerial jobs, accounting for the lower unemployment rate among the more highly educated.
- Unemployment falls with increasing age: from 35% in the youngest (15-30 years), through 19% in the intermediate (31-45) and 10% in the highest (46-65) age category.
- In addition, Figure 8 shows that those aged 15 to 30 years with at least some schooling were more likely to be unemployed (39%) than those with no education (35%), or those who had completed matric., and/or tertiary education (29%). The same curvilinear pattern was found amongst those aged 31 to 45 years (23% for some education, as against 17% for no education and 9% for matric. or higher qualifications). But this pattern was not found in the oldest age category, where the unemployment rates were the same (12%) for those with no education or with at least some schooling, but lower (5%) for those with matric. or higher qualifications.

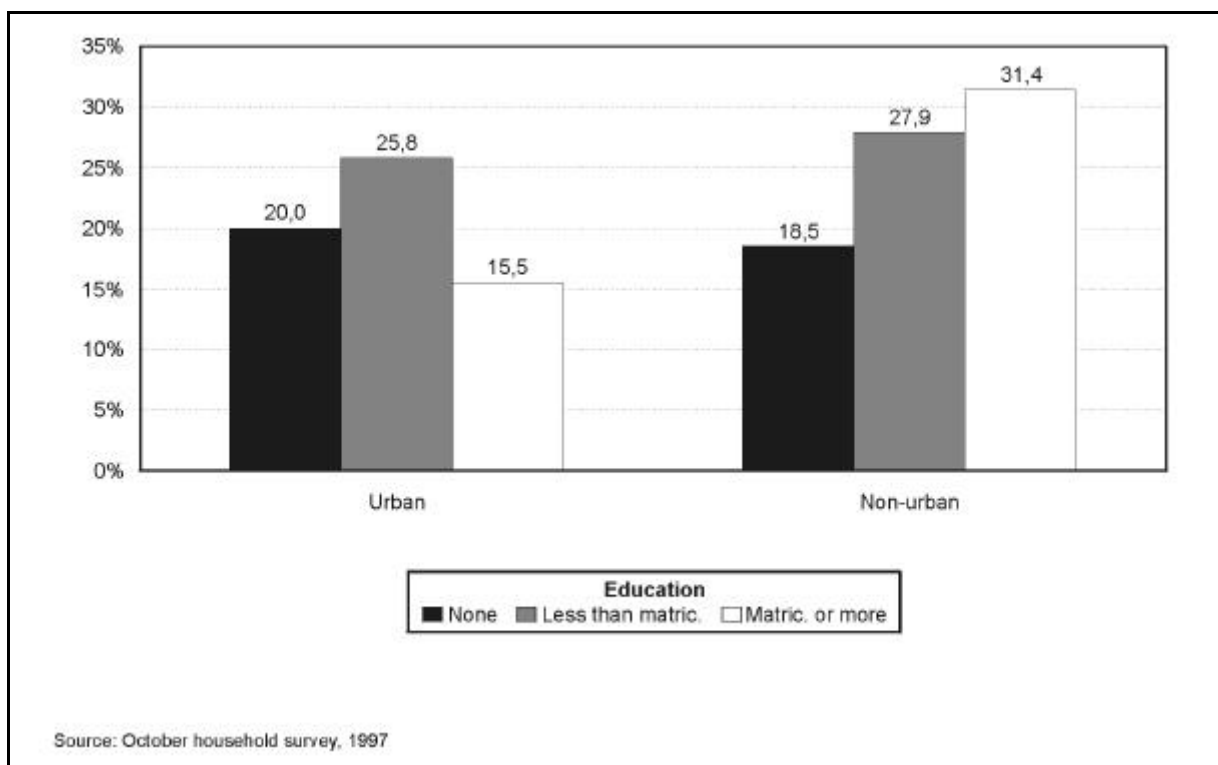


**Figure 8: Official unemployment rates by education and age: October 1997**

## Official unemployment rates by education and location, 1997

As seen earlier, unemployment varies by location: 27% of all economically people in non-urban areas were unemployed in 1997, compared with 22% in urban areas.

- Figure 9 shows unemployment rates broken down by education in urban and non-urban areas.
- In urban areas, a curvilinear pattern was found: the unemployment rates were higher for those with some schooling (26%) than for those with no education (20%), or with matric. and post-school qualifications (16%).
- In non-urban areas, a different pattern was found: the higher the level of education, the higher the unemployment rates (19% for no education, increasing to 28% for some and to 31% for completed schooling and post-school qualifications).
- This unusual pattern may partially be explained by the relatively few highly skilled jobs (managerial, professional and technical) in rural areas, as discussed in the next chapter.



**Figure 9: Official unemployment rates by location and education: October 1997**

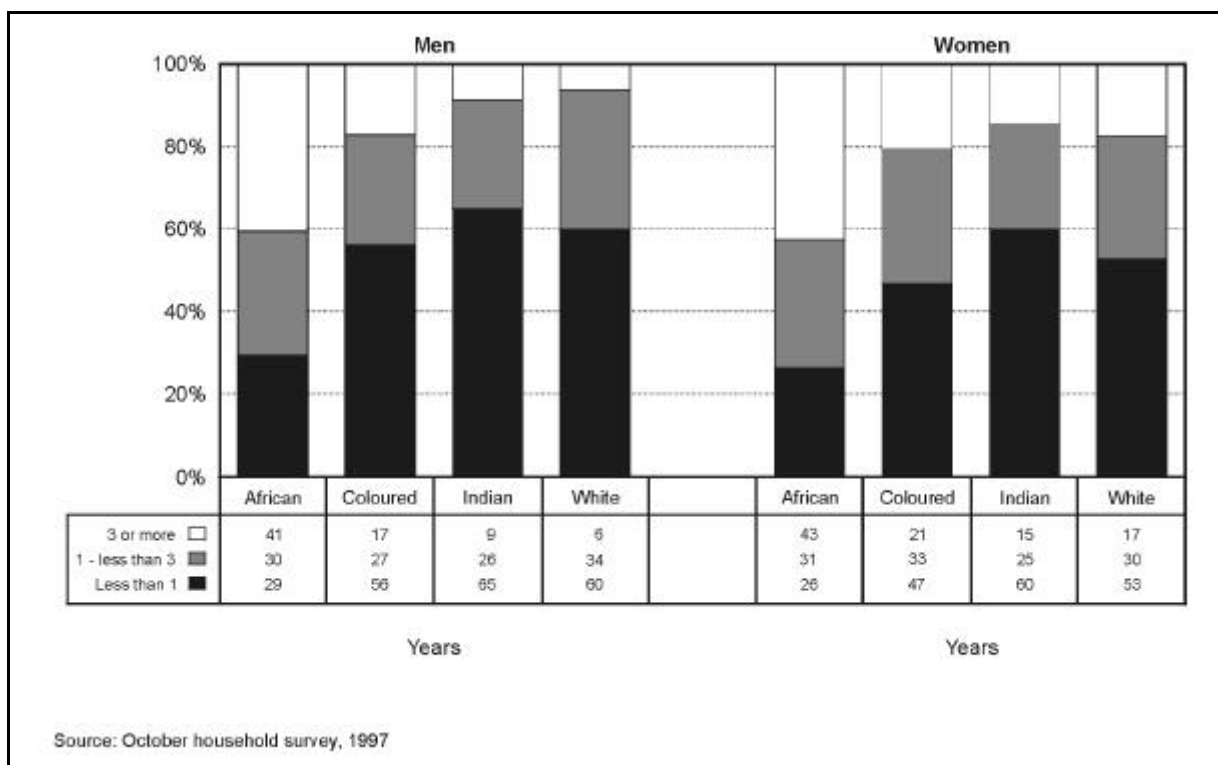
## Length of time of unemployment

In this section, the length of time that the unemployed had been unable to find work, using the official definition, broken down by gender and population group, is examined.

## Length of time of unemployment by gender and population group, 1997

Unemployment in South Africa tends to be a long-term situation. In 1997, at least one-third of the unemployed had been unemployed for three years or more in 1997. At least another quarter had been unemployed for between one and three years.

- Figure 10 indicates that, in 1997, long-term unemployment was equally prevalent among men and women.
- Differences in length of time for being unemployed were notable by population group. Among Africans, the proportions of men and women who had been looking for work for three or more years (41% and 43% respectively) were much higher than among coloureds (17% and 21%), Indians (9% and 15%) and whites (6% and 17%).



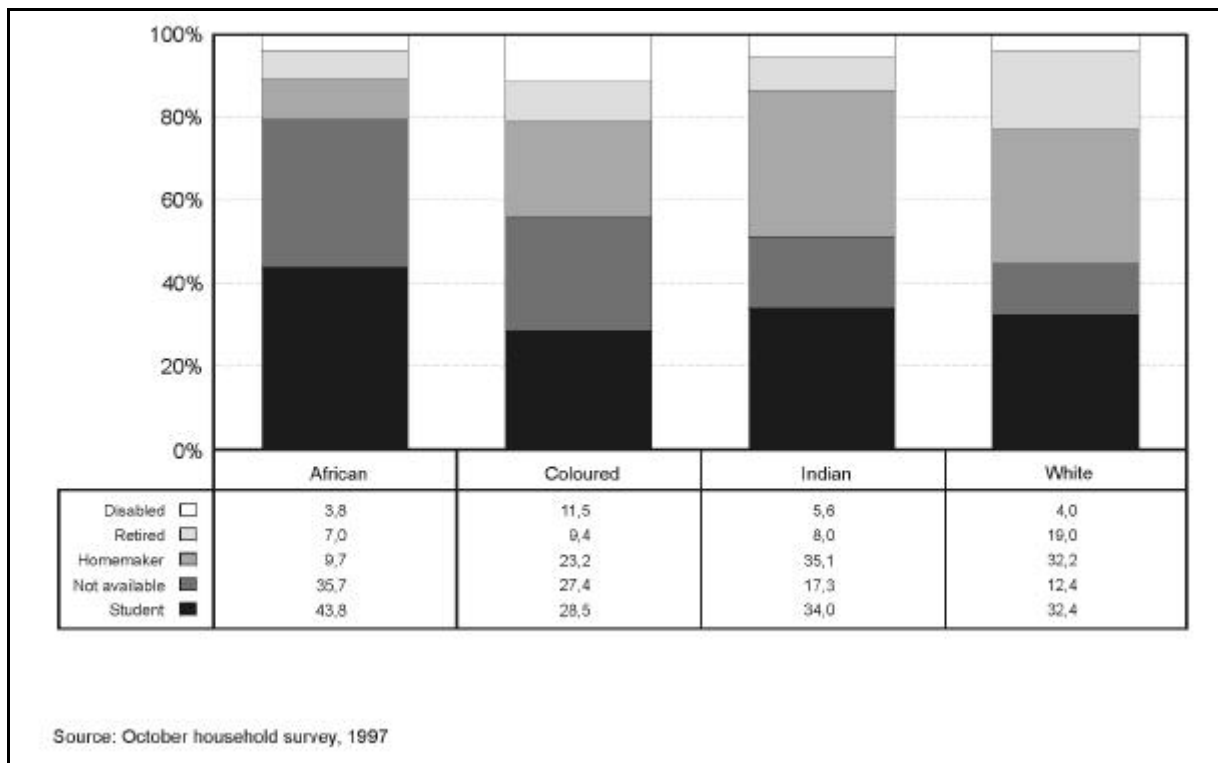
**Figure 10: Length of time of unemployment by population group and gender: October 1997**

## Those who are not economically active

There were approximately 12,5 million people aged 15 to 65 years who were not economically active (NEA) in 1997, according to the official definition of employment.

- The largest proportion of people who were NEA was made up of full-time students or scholars (41% of the total of NEA).
- The second largest proportion involved people who had either not looked for work in the four weeks prior to the interview or who were not available for work within a week after the interview (30%).

- The third largest proportion comprised full-time homemakers (14%). Homemakers accounted for only 10% of NEA Africans. They were far more common in the other population groups: 35% of Indian, 32% of white and 23% of coloured NEA people.
- Figure 11 shows the breakdowns by population group. For example, among NEA Africans, over four in every ten (44%) were full-time scholars or students.
- Retirees were most common among NEA white people, accounting for 19%. This reflects both an older age profile, and relatively high levels of economic activity, among younger age groups.



**Figure 11: Reasons for being not economically active (NEA) by population group: October 1997**

# Chapter 4

## The employed

In this chapter, we turn our attention to the employed, i.e. those who indicated that they had done at least some work for pay profit or family gain in the week preceding the interview of the October household survey.

Table 4 displays the estimated number of employed men and women and, in total, for each year from 1995 to 1997 (1994 is excluded, because confidence limits calculated for that particular year were not directly comparable with those calculated for the later years). The lower and upper limits of these estimates, using 95% confidence intervals, are also indicated.

**Table 4: The estimated number of employed men and women**

Employed	Estimate (000)*	Lower limit (000)*	Upper limit (000)*
<b>1995:</b>			
Men	4 569	4 463	4 674
Women	3 500	3 411	3 589
Total**	8 069	7 892	8 246
<b>1996:</b>			
Men	4 349	4 179	4 517
Women	3 241	3 093	3 385
Total**	7 590	7 330	7 895
<b>1997:</b>			
Men	4 323	4 237	4 410
Women	3 225	43 151	3 299
Total**	7 548	7 417	7 680

\* 95% confidence intervals

\*\* Since each confidence interval is calculated separately, the total in each year for the lower and upper limits cannot be calculated simply by adding the lower or upper limits for that year

- The table shows that there has been a gradual decrease in the number of employed people between 1995 and 1997 from approximately 8,0 million to 7,5 million.
- However, when comparing 1996 and 1997, the difference in the estimated number of employed people is not significant, since there is an overlap in the confidence intervals of the 1996 and 1997 estimates. The difference could therefore be explained by sampling error. Consequently, it is not conclusive whether the decline in employment continued between 1996 and October 1997 or whether it levelled off.

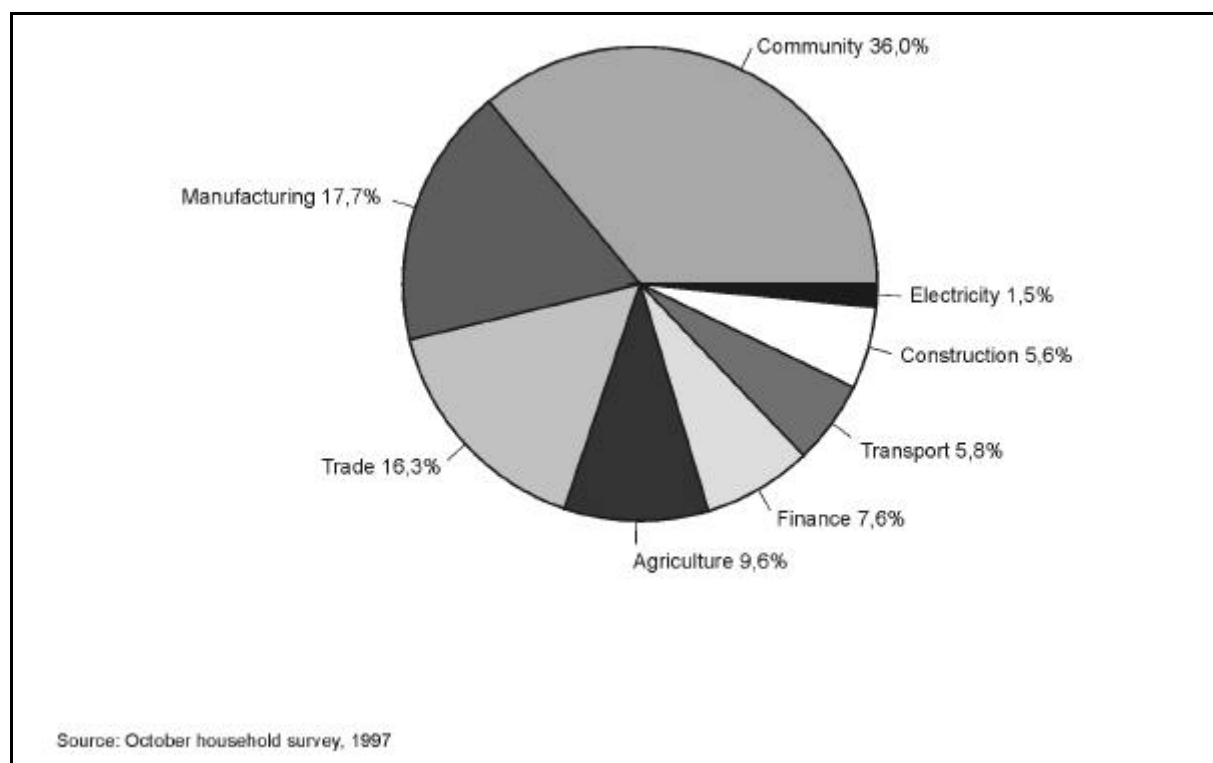
We now examine:

- the economic sector in which employed people work;
- their occupations;
- type of employment i.e. whether they work for themselves, or as employees, or both, or as domestic workers in a household; and
- whether they work in the formal or the informal sectors.



## Distribution of the employed in economic sectors

Figure 12 shows the percentage of people employed in each economic sector in October 1997. The graph indicates that the community services sector was the largest contributor (36%) to total employment, followed by the manufacturing sector (18%), the wholesale and retail trade sector (16%) and agriculture (10%). The remaining sectors each contributed less than 10% to total employment.



**Figure 12: Distribution of the employed in economic sectors: October 1997**

**Table 5: Distribution of the employed in economic sectors: 1994-1997**

Sector	1994		1995		1996		1997	
	N (000s)*	%*	N (000s)*	%*	N (000s)*	%*	N (000s)*	%*
Agriculture	1 421	18,1	965	12,2	606	8,5	637	9,6
Manufacturing	1 212	15,4	1 173	14,9	1 233	17,4	1 176	17,7
Electricity	75	1,0	77	1,0	109	1,5	97	1,5
Construction	349	4,4	396	5,0	385	5,4	370	5,6
Trade	1 369	17,4	1 547	19,6	1 207	17,1	1 083	16,3
Transport	362	4,6	395	5,0	396	5,6	384	5,8
Finance	388	4,9	470	6,0	614	8,7	503	7,6
Services**	2 685	34,2	2 872	36,3	2 540	35,8	2 400	36,0
Unspecified	111		174		499		863	
<b>Total</b>	<b>7 971</b>	<b>100</b>	<b>8 069</b>	<b>100</b>	<b>7 590</b>	<b>100</b>	<b>7 548</b>	<b>100</b>

\* Due to rounding, totals may not add up exactly, or may differ slightly from earlier numbers

\*\* Including domestic workers

Table 5 indicates the actual number and percentage of people employed in each sector in the various OHSs from 1994 to 1997.

- Altogether, 8,0 million people were employed in 1994, decreasing to 7,5 million in 1997.
- The table shows that the proportion of people working in the agricultural sector decreased appreciably over time, from 18% in 1994 to 10% in 1997.
- The proportion in manufacturing increased from 15% to 18% between 1994 and 1997; in finance, it increased from 5% to 8%. Since the sample sizes are small when broken down by sector, slighter changes may be due to sampling error and should be treated with caution.

### Distribution of the employed in economic sectors by gender, 1997

There are clear differences in the type of work that men and women tend to do. These differences are reflected in the economic sector in which they work.

- Figure 13 indicates that fully half of employed women (51%) had jobs in the community, personal and social services sector, with the next largest sector being trade, which provided employment for 18% of women.
- Men are distributed more evenly throughout all sectors. Services (25%) also account for the largest proportion of jobs among employed men, versus 21% for manufacturing.
- In the manufacturing, construction and transport sectors, men tend to be most preponderant over women (21% versus 13% in manufacturing; 9% versus 1% in construction; and 8% versus 2% in transport).
- By contrast, the finance sector provides roughly the same proportions of jobs for both employed men and women (8%).

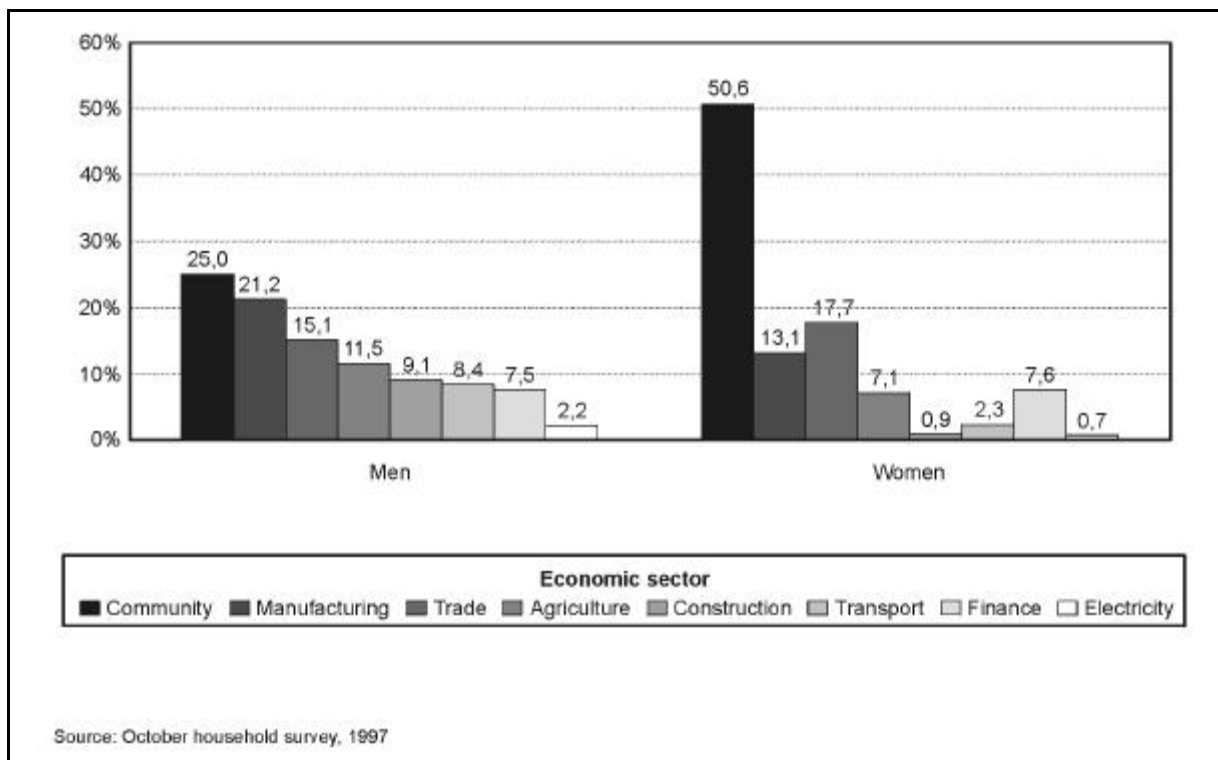


Figure 13: Distribution of the employed in economic sectors by gender: October 1997

## Distribution of the employed in economic sectors in urban and non-urban areas, 1997

There were noticeable differences in the distribution of employment by economic sector in urban and non-urban areas of South Africa.

- A large proportion of employed people were working in the services sector in October 1997, in both urban (38%) and non-urban areas (32%).
- As would be expected, agriculture accounted for the largest share (32%) of jobs in non-urban areas, while economic sectors such as manufacturing and trade accounted for much larger proportions of the workforce in urban areas than in non-urban areas.
- In urban areas, 9% were working in the financial sector in 1997, as against only 4% in non-urban areas.

## Distribution of occupations among the employed

Table 6 indicates that there was a relatively stable pattern in the proportion of people in each occupation between 1994 and 1997.

- During this time, between 5% and 7% of all people were in managerial occupations, and between 11% and 13% were in sales occupations.
- Differences between the professional and technical/semi-professional categories were probably due to different classification methods. For example, an engineer could have been classified as professional in one year, and technical in another year. Altogether, between 14% and 18% of people could be classified into these two categories during the four-year period.
- A more reliable picture emerges if one combines the management, professional and technical categories. The share of this grouping increases steadily from 19% to 25% of jobs over the four-year period, reflecting the increasing proportion of skilled occupations in the economy.
- Conversely, there is a decrease in the number and the proportion of people employed in elementary occupations, from 36% in 1994 to 28% in 1996 and 1997.

**Table 6: Distribution of occupations among the employed, 1994-1997**

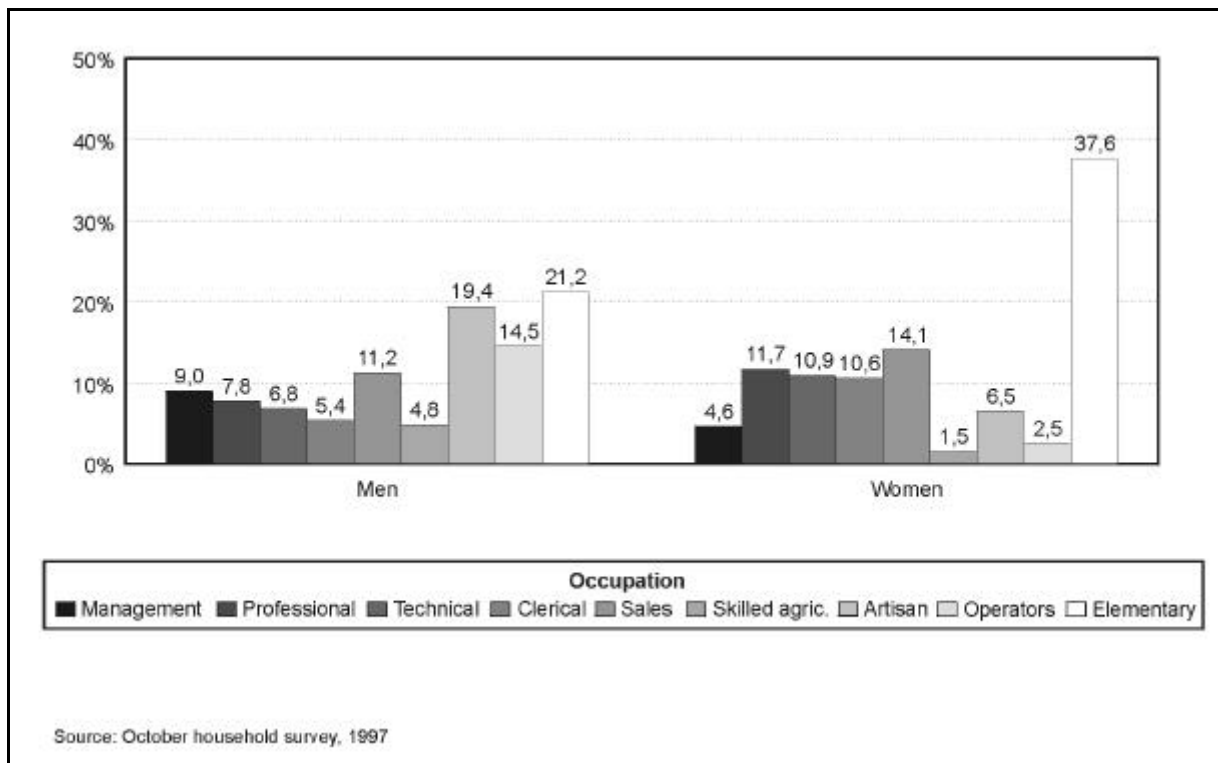
Sector	1994		1995		1996		1997	
	N (000)*	%*	N (000)*	%*	N (000)*	%*	N (000)*	%*
Management	366	4,6	422	5,3	347	4,8	483	6,9
Professional	472	6,0	299	3,8	296	4,1	658	9,5
Technical	618	7,9	975	12,3	1 022	14,3	595	8,6
Clerical	896	11,4	962	12,1	765	10,7	635	9,1
Sales	844	10,7	991	12,5	907	12,7	762	11,0
Skilled agric.	123	1,6	79	1,0	221	3,1	237	3,4
Artisan	814	10,3	837	10,5	946	13,2	959	13,8
Operators	867	11,0	850	10,7	638	8,9	653	9,4
Elementary	2 867	36,4	2 539	31,9	2 008	28,1	1 964	28,3
Unspecified	104		111		440		602	
<b>Total</b>	<b>7 971</b>	<b>100</b>	<b>8 069</b>	<b>100</b>	<b>7 590</b>	<b>100</b>	<b>7548</b>	<b>100</b>

\* Due to rounding, totals may not add up exactly or may differ slightly from earlier numbers

## Distribution of occupations by gender, 1997

Figure 14 provides details on occupation by gender in October 1997.

- The most noteworthy difference was the much-larger proportion of women in elementary jobs (38%) compared to men (21%).
- In the highest occupational group, managers, the proportion of employed men (9%) in 1997 was almost double that of employed women (5%).
- Among employed women, the proportion in either the professional (12%) or semi-professional (technical) category (11%) was larger than the proportion for employed men (8% and 7% respectively).
- Relatively small proportions of employed women were artisans/craft workers (6%) or did machine/assembly work (2%) compared with much larger proportions of men (18% and 13% respectively).



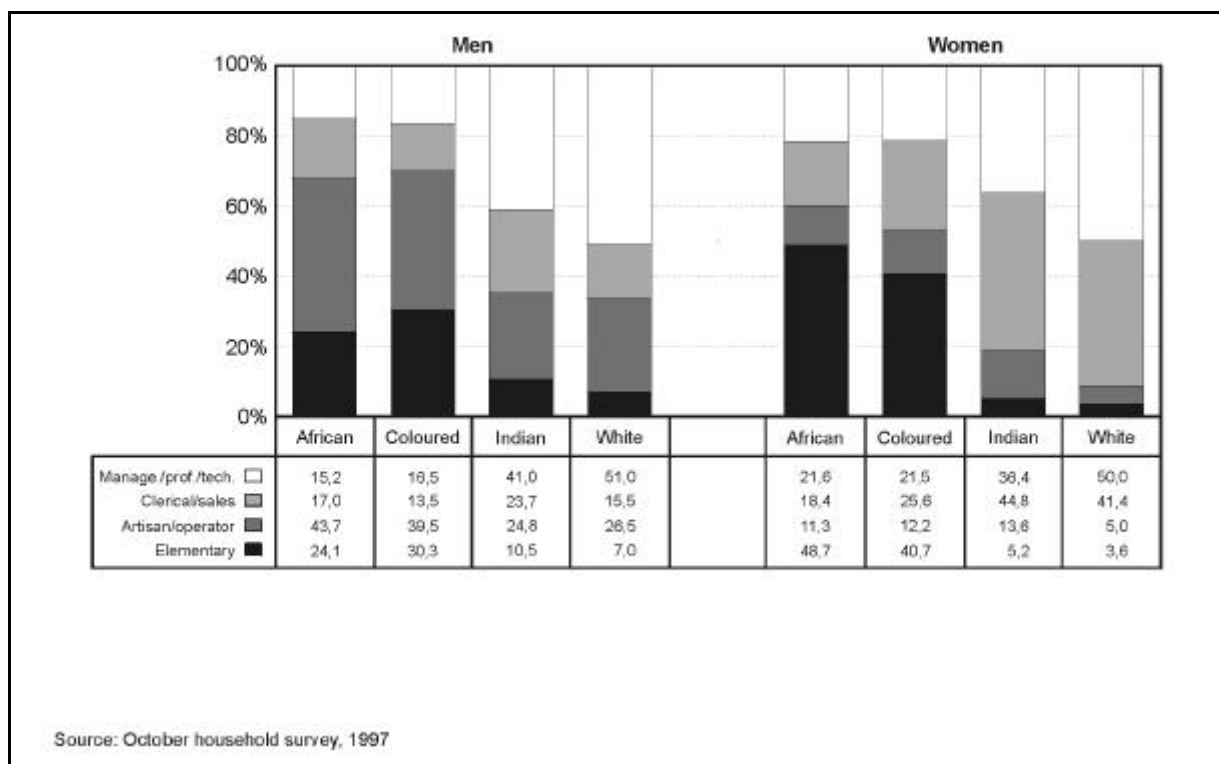
**Figure 14: Occupation by gender among the employed: October 1997**

## Distribution of occupations by gender and population group, 1997

In Figure 15, occupations are divided into four broad categories to make the patterns clearer:

- (a) managerial, professional and technical or semi-professional;
- (b) clerical, sales and service;
- (c) artisan and operator; and
- (d) elementary occupations.

- The top parts of the bars show that around half of employed white men (51%) and women (50%) were found in management, professional or technical/semi-professional occupations. A large percentage of employed Indian men (41%) and women (36%) were also found in these occupations, compared to relatively fewer coloured and African men and women.
- Employed African and coloured women were more likely to be found in elementary occupations (49% and 41% respectively), while employed African and coloured men were more likely to be found in artisan and operator occupations (44% and 40% respectively).



**Figure 15: Occupation by population group and gender among the employed: October 1997**

## Distribution of occupations in urban and non-urban areas, 1997

The occupations of the employed living in urban and those living in non-urban areas tended to be different.

- There were proportionately more workers in elementary occupations in non-urban areas (40%) than in urban ones (25%).
- There were proportionately more people in skilled occupations, for example managers (8% as against 4%), professionals (11% as against 6%), technicians or semi-professionals (10% as against 5%), or clerks (11% as against 3%) in urban compared to non-urban areas.

## Distribution of occupations by education, 1997

Occupation and level of education were directly related among the employed in 1997.

- Figure 16 shows that the most highly qualified amongst the employed were those working in professional occupations, followed by those working in semi-professional and technical occupations. For example, 88% of professionals and 70% of those in semi-professional or technical occupations had completed at least 12 years of education (matric. or higher).
- The qualifications among those in clerical and managerial posts tended to be lower. Only 62% of clerks and 60% of managers had completed at least 12 years of education.
- Skilled agricultural, elementary and domestic workers had low levels of education. For example, 27% of those in both elementary and skilled agricultural occupations, and 19% of those doing domestic work, had received no education.

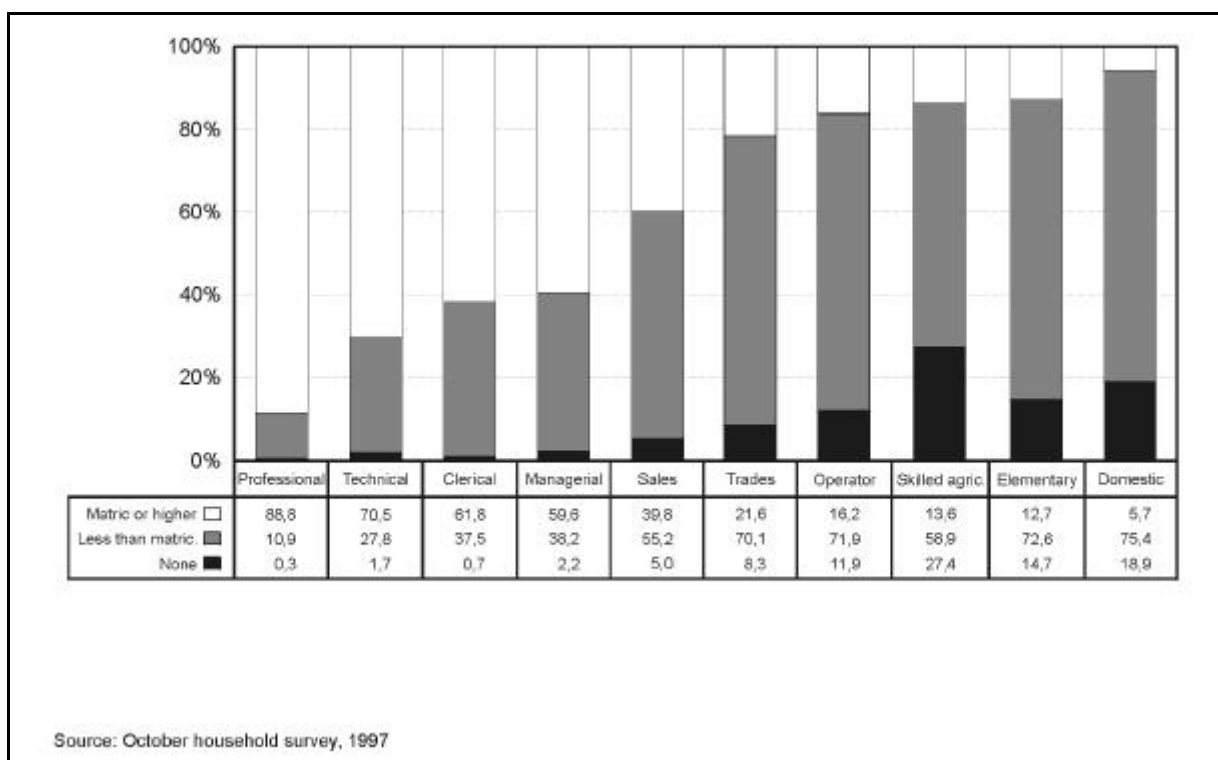


Figure 16: Occupation by education among the employed: October 1997

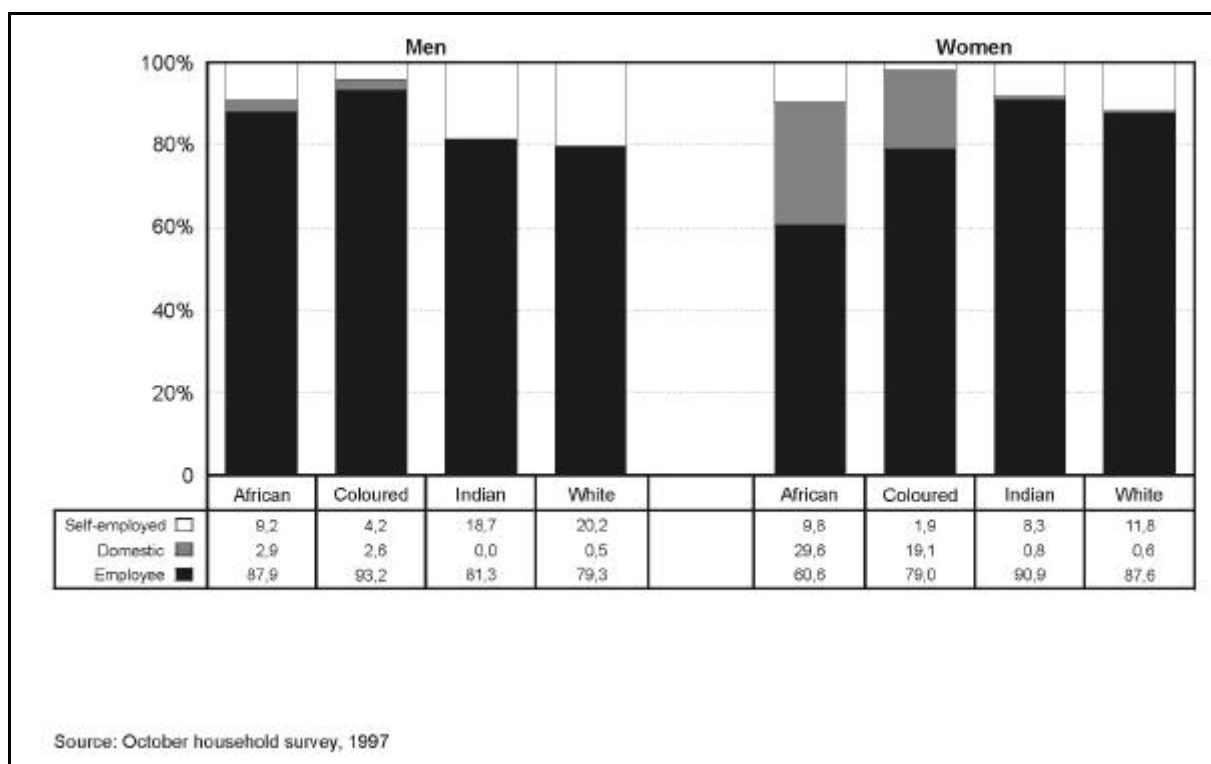
## Type of employment

Among the employed, we now examine the type of employment in which they were engaged, i.e. whether they worked for themselves, or as an employee, or both for themselves and for an employer, or as domestic workers in a household. Self-employment is a diverse category, consisting of both those who work for themselves and employers. The few people working both as self-employed and as employees were classified as self-employed.

### Type of employment by gender and population group, 1997

In 1997, the vast majority of employed men (86%) and women (60%) were working as employees.

- Figure 17 shows that, in October 1997, 30% of employed African women and 19% of employed coloured women had jobs as domestic workers.
- Among employed white and Indian men, 20% and 19% respectively were self-employed.



**Figure 17: Type of employment by population group and gender: October 1997**

## The informal sector

The 1997 OHS questionnaire has been improved compared to earlier years as far as coverage of the informal sector is concerned. In line with international recommendations, it distinguishes between employers and employees in the informal sector. In the earlier years, employees were not asked to indicate whether they worked in the formal or informal sectors,

and were included in the formal sector. This makes direct comparisons with the earlier years difficult.

Table 7 shows the number of people altogether, and the number of men and women, in each of the above categories of the informal sector, and the percentage that each contributes to total employment. (The few people working in both the formal and informal sector were counted as part of the informal sector.) For example, in 1994:

- There were 262 000 men working as self-employed/employers in the informal sector (top left). This number constitutes 5,7% of all employed men.
- There were also 183 000 women working as self-employed or as employers in the informal sector. This number constitutes 5,4% of all working women.
- In total, there were 445 000 people working as self-employed or employers in the informal sector. This number constitutes 5,6% of all employed people.

**Table 7: The employed who are working in the informal sector**

Year	1994s		1995		1996		1997	
	N (000s)	%*	N (000s)	%*	N (000s)	%*	N (000s)	%*
<b>Self employed/employer:</b>								
<b>Men</b>	262	5,7	277	6,1	165	3,8	233	5,4
<b>Women</b>	183	5,4	200	5,7	126	3,9	193	6,0
<b>Total</b>	<b>445</b>	<b>5,6</b>	<b>477</b>	<b>5,9</b>	<b>291</b>	<b>3,8</b>	<b>426</b>	<b>5,6</b>
<b>Domestic worker:</b>								
<b>Men</b>	16	0,3	18	0,4	77	1,8	96	2,2
<b>Women</b>	713	21,1	667	19,1	611	18,8	683	21,2
<b>Total</b>	<b>729</b>	<b>9,1</b>	<b>685</b>	<b>8,5</b>	<b>688</b>	<b>9,1</b>	<b>779</b>	<b>10,3</b>
<b>Employee:</b>								
<b>Men</b>	-	-	-	-	-	-	434	10,0
<b>Women</b>	-	-	-	-	-	-	189	5,9
<b>Total</b>	-	-	-	-	-	-	<b>623</b>	<b>8,3</b>
<b>Total:</b>								
<b>Men</b>	278	6,1	295	6,5	242	5,6	762	17,6
<b>Women</b>	896	26,5	867	24,8	737	22,7	1 066	33,1
<b>Total</b>	<b>1 174</b>	<b>14,7</b>	<b>1 162</b>	<b>14,4</b>	<b>979</b>	<b>12,9</b>	<b>1 828</b>	<b>24,2</b>

\* % of all employed men, women and people

- The table shows that there were about 1,2 million domestic workers, self-employed people or employers in the informal sector in both 1994 (15% of the employed) and 1995 (14% of the employed). In 1996 this number decreased to approximately 1,0 million (13% of the employed).
- By contrast, in 1997, 1,8 million people (24%) were reported to be working in the informal sector. The increase is largely due to the proper identification for the first time of employees in informal sector enterprises, of whom there were 623 000 (8% of the employed).
- If employees are excluded from the informal sector in 1997, then approximately 1,2 million people (16%) were found to be working there.



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# Chapter 5

## Formal sector employment

In this chapter, we refer to those surveys which Stats SA conducts on a regular basis to collect information on employment, salaries and wages from the *non-agricultural formal business sectors*, covering the period April 1994 to December 1997. All statistics include the former TBVC states.

- First, we indicate the year-on-year changes, in total and in each sector, between December 1994 and December 1997.
- Then we indicate the extent of month-on month changes, in total and in each sector, from April 1994 to December 1997, taking June 1994 as a baseline with an index of 100.

### Total employment in the formal non-agricultural business sector

Since December 1994, the number of jobs in the formal non-agricultural sector has been gradually decreasing, except for a slight increase at the end of 1996.

Table 8 (overleaf) indicates the following:

- In December 1994, employment in this sector stood at a level of approximately 5,31 million employees. The number of employees decreased slightly by 1,2% to 5,24 million by December 1995.
- During 1996, however, formal employment increased slightly, reaching approximately 5,28 million employees at the end of the year, reflecting an annual increase of 0,7%.
- Job losses were again recorded in 1997, when formal employment dropped from approximately 5,28 million at December 1996 to about 5,06 million at December 1997, representing a decrease of 4,1%.

### Comparison of formal job losses and gains by sector

The decline in employment during the period December 1994 to December 1997 was not uniform across all sectors.

- In two of the eight sectors, namely trade and the financial sector, new employment was recorded. These sectors accounted for around 20% of all employment in December 1997.
- In six sectors, job losses were recorded: community, social and personal services; manufacturing; mining and quarrying; construction; transport; and electricity. These six sectors contributed approximately 81% of jobs to the total formal sector employment at December 1997.

**Table 8: Employment in the non-agricultural formal business sector**

Number of employees in each sector in each year		Year-on-year change	
Period and sector	Employees (000s)	Employees (000s)	%
<b>Total employees:</b>			
December 1994	5 309		
December 1995	5 243	- 66	- 1,2
December 1996	5 281	+ 38	+ 0,7
December 1997	5 064	- 217	- 4,1
<b>Sectors with increases:</b>			
<b>Trade and accommodation:</b>			
December 1994	749		
December 1995	774	+ 25	+ 3,4
December 1996	776	+ 2	+ 0,3
December 1997	786	+ 10	+ 1,3
<b>Finance and insurance:</b>			
December 1994	198		
December 1995	208	+ 10	+ 5,1
December 1996	213	+ 5	+ 2,4
December 1997	221	+ 8	+ 3,8
<b>Sectors with decreases:</b>			
<b>Community, personal, social services:</b>			
December 1994	1 683		
December 1995	1 626	- 57	- 3,4
December 1996	1 666	+ 40	+ 2,5
December 1997	1 646	- 20	- 1,2
<b>Manufacturing:</b>			
December 1994	1 494		
December 1995	1 481	- 13	- 0,9
December 1996	1 430	- 51	- 3,4
December 1997	1 355	- 75	- 5,2
<b>Mining and quarrying:</b>			
December 1994	601		
December 1995	583	- 18	- 3,0
December 1996	562	- 21	- 3,6
December 1997	524	- 38	- 6,8
<b>Construction:</b>			
December 1994	355		
December 1995	337	- 18	- 5,1
December 1996	312	- 25	- 7,5
December 1997	301	- 11	- 3,4
<b>Transport:</b>			
December 1994	283		
December 1995	280	- 3	- 1,1
December 1996	280	- 0	- 0,1
December 1997	268	- 12	- 4,4
<b>Electricity:</b>			
December 1994	41		
December 1995	41	0	+ 0,5
December 1996	40	- 1	- 2,1
December 1997	39	- 1	- 1,6

## **Sectors in which employment increased**

### **The wholesale, retail, motor trade and accommodation sectors**

- Table 8 shows that, in December 1997, approximately 786 000 people were employed in the wholesale, retail and motor trade and accommodation sectors, as against about 749 000 in December 1994.
- Fifteen percent of formal jobs were found in this sector in December 1997.
- The largest year-on-year increase (3,4%) in employment was recorded in December 1995.

### **The financial sector**

- Although the financial sector is relatively small, contributing only 4% to total formal sector employment in December 1997, substantial employment gains were made in it over the four-year period.
- In December 1994, there were approximately 198 000 jobs in the sector. By December 1997, however, there were approximately 221 000 people employed in this sector.
- Between December 1994 and December 1995, the number of jobs increased by 5,1%, the largest year-on-year increase.

## **Sectors in which employment decreased**

### **Community, social and personal services sector (including government)**

- The community, social and personal services sector (which includes government) is the largest contributor to formal employment in South Africa. In December 1997, it contributed 32% to total formal employment.
- Between December 1994 and December 1995, approximately 57 000 jobs were lost in this sector. However, between December 1995 and December 1996, 40 000 jobs were added.
- There was again a drop in employment of 1,2% as at December 1997 compared with December 1996.

### **The manufacturing sector**

- The manufacturing sector is the second-largest contributor to total formal employment, with 26% of all formal jobs found here in December 1997.
- In December 1994, there were approximately 1,49 million jobs as against approximately 1,36 million jobs in December 1997.
- The largest year-on-year drop in employment (5,2%) occurred between December 1996 and December 1997.

## **The mining and quarrying sector**

- Mining and quarrying contributed 10% to total formal employment in December 1997.
- This sector lost 77 000 jobs between December 1994 and December 1997.
- The largest year-on-year drop in employment in the sector occurred between December 1996 and December 1997, a loss of 6,8%.

## **The construction sector**

- The formal construction sector contributed 6% to total formal sector employment in December 1997.
- In spite of the ongoing crisis in supply of housing, this sector showed large job losses. Between December 1994 and December 1997, 54 000 jobs were lost.
- The largest year-on-year drop in employment occurred during 1996, reflecting a loss of 7,5% of jobs at December 1996. This was followed by another year-on-year drop in employment during 1997, reflecting a loss of 3,4% of jobs at December 1997.

## **The transport sector**

- The transport sector, with a contribution of 5% to total formal sector employment in December 1997, also showed job losses.
- Overall, during the period December 1994 to December 1997, this sector recorded job losses of approximately 15 000.
- The largest year-on-year drop in employment occurred during 1997, reflecting a loss of 4,4% at December 1997.

## **The electricity sector**

- The electricity sector is relatively small, contributing only 0,8% to total formal sector employment in December 1997.
- From December 1994 to December 1997, about 2 000 jobs were lost.
- Table 8 shows a slight year-on-year increase in jobs in the sector between December 1994 and December 1995. Thereafter, there has been a steady decrease in jobs.

## **Month-on-month changes in employment**

In Table 8, we presented year-on-year changes in formal employment. In this section, we examine month-on-month changes.

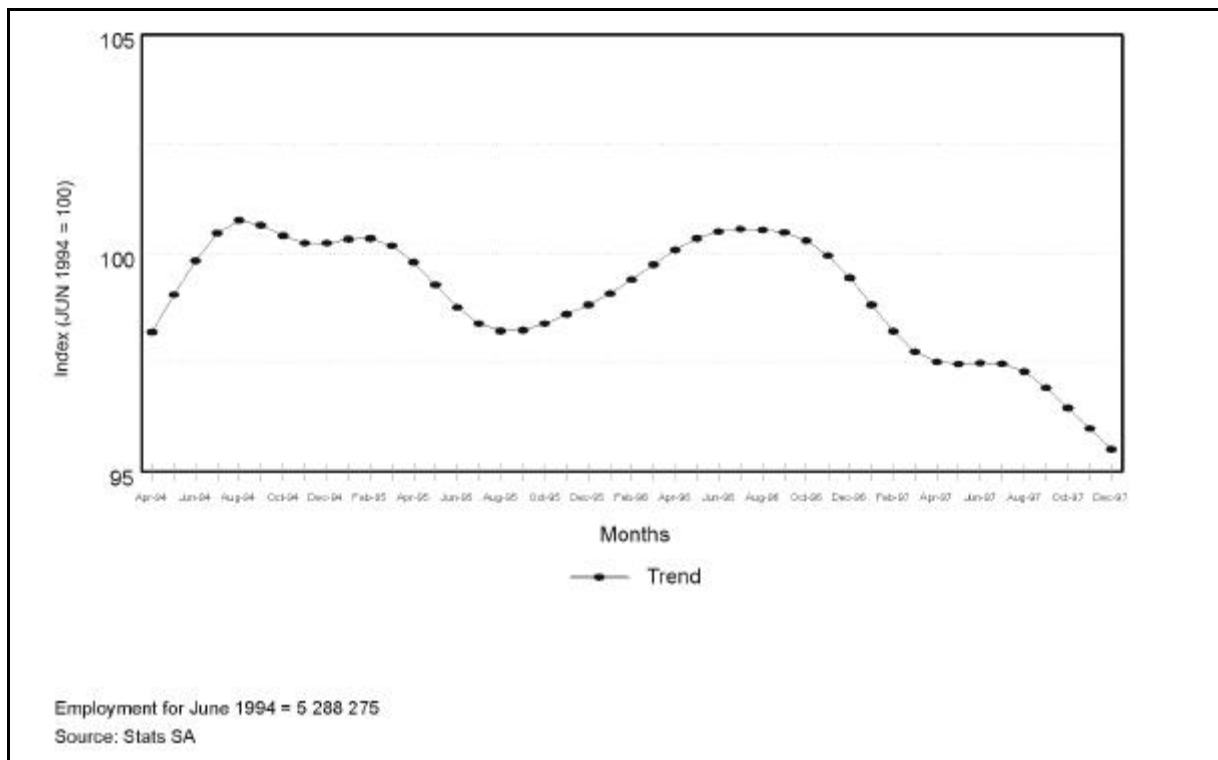
- In the following graphs, June 1994 is taken as the starting point for examining month-on-month changes in employment. This is because, internationally, June is the month used for baseline calculations of employment changes.

- In June 1994, employment in total and in each sector is given a value of 100. We then examine the extent of change from here back to April 1994 and then forward to December 1997.

### All sectors: month-on-month changes

Figure 18 graphically illustrates the trends in formal sector employment between April 1994 and December 1997, and supplements the data presented in Table 1. The overall trend line, rather than the actual count, is shown.

- The graph shows that there was an overall loss of employment between April 1994 and December 1997.
- There was an initial rise in employment from April 1994 to February 1995, followed by a fall reaching a low level in August 1995. After this, there was another, less-steep, rise, reaching a peak in the late part of 1996, and then a continuous fall to December 1997.

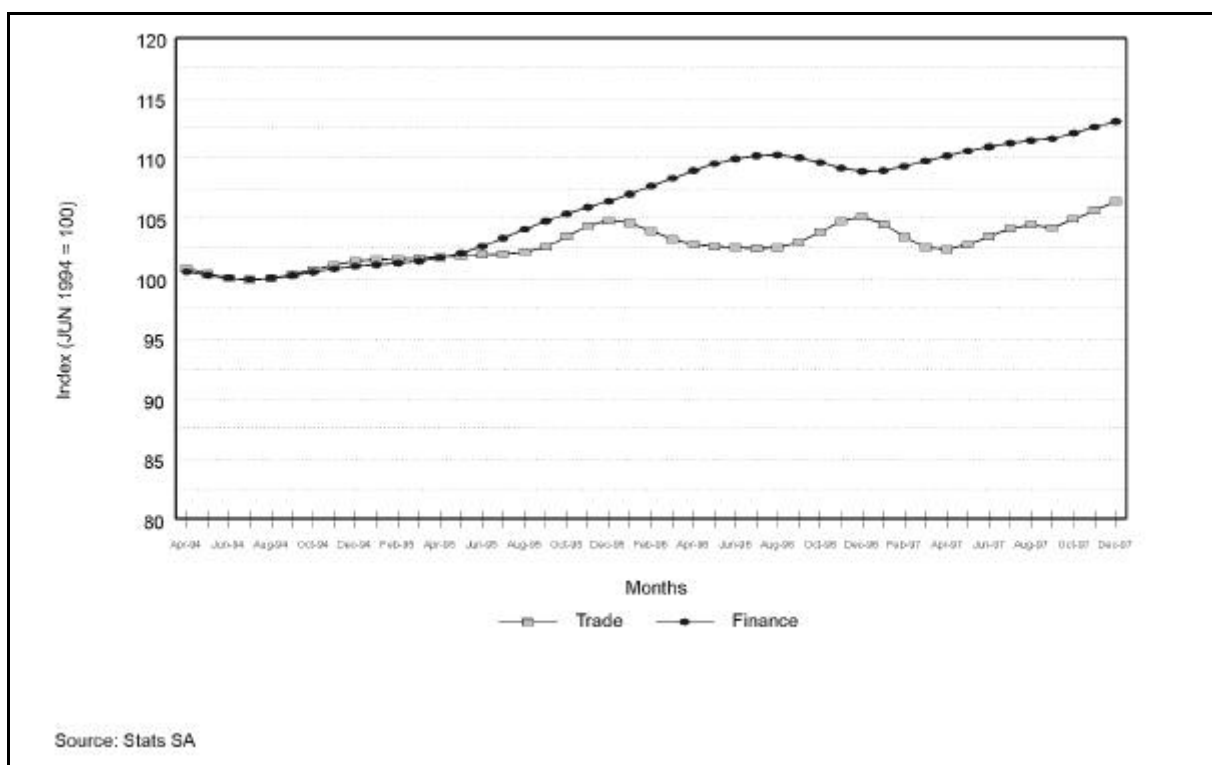


**Figure 18: Employment in formal non-agricultural business sectors: April 1994-December 1997**

## Sectors with overall gains: month-on-month changes

We now look at the trend lines of month-on-month changes between April 1994 and December 1997 for the two sectors (trade and finance) in which there were employment gains, taking June 1994 as the starting point of 100.

- *The wholesale, retail, motor trade and accommodation sector.* When looking at the trend line of the entire period between April 1994 and December 1997 in this sector, Figure 19 indicates an employment pattern showing a relatively steady increase over time.
- *The financial sector.* Figure 19 indicates that the pattern of employment in the financial sector between April 1994 and December 1997 showed a steeper increase than the trade and accommodation sector.

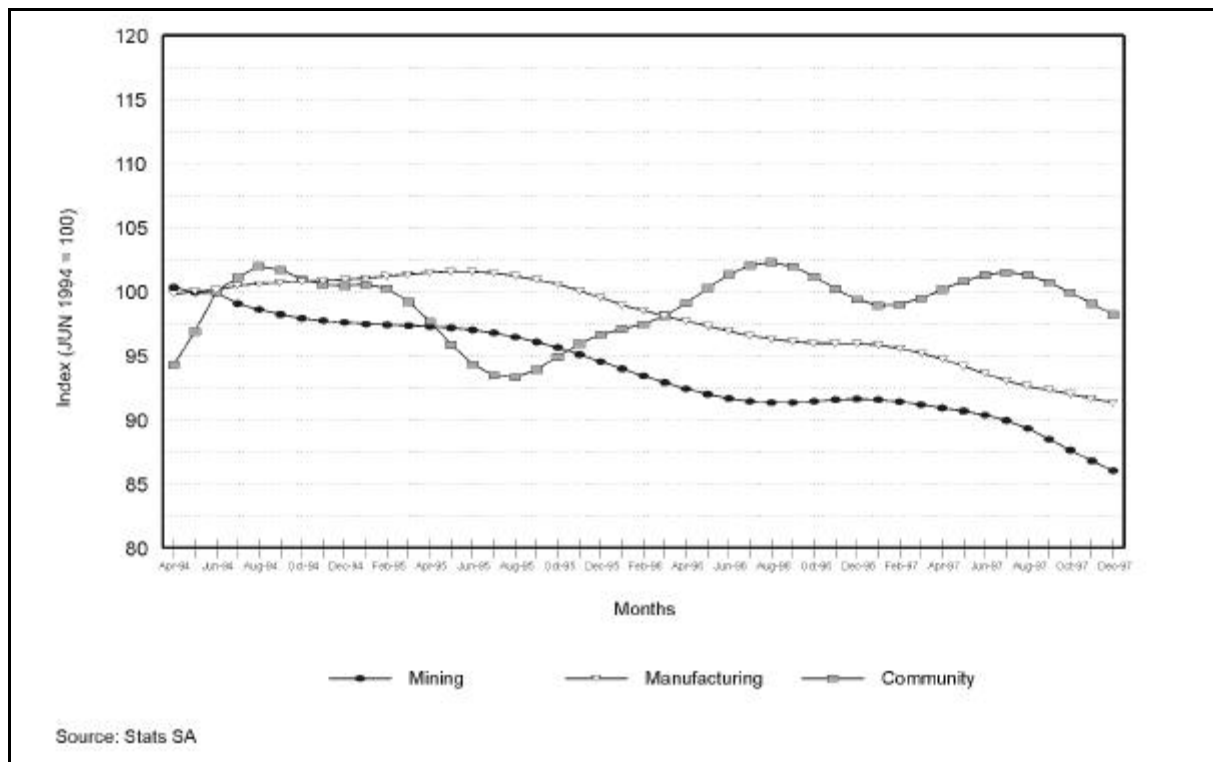


**Figure 19: Sectors in which there was an overall gain in employment: April 1994-December 1997**

## Sectors with overall losses: month-on-month changes

We now look at the trend lines of month-on-month changes between April 1994 and December 1997 for each sector in which there were employment losses, taking June 1994 as the starting point of 100. For ease of reference, the three trend lines of the largest employment sectors (community, personal and social services; manufacturing; and mining and quarrying) are shown in Figure 20, while the smaller employment sectors are shown in Figure 21.

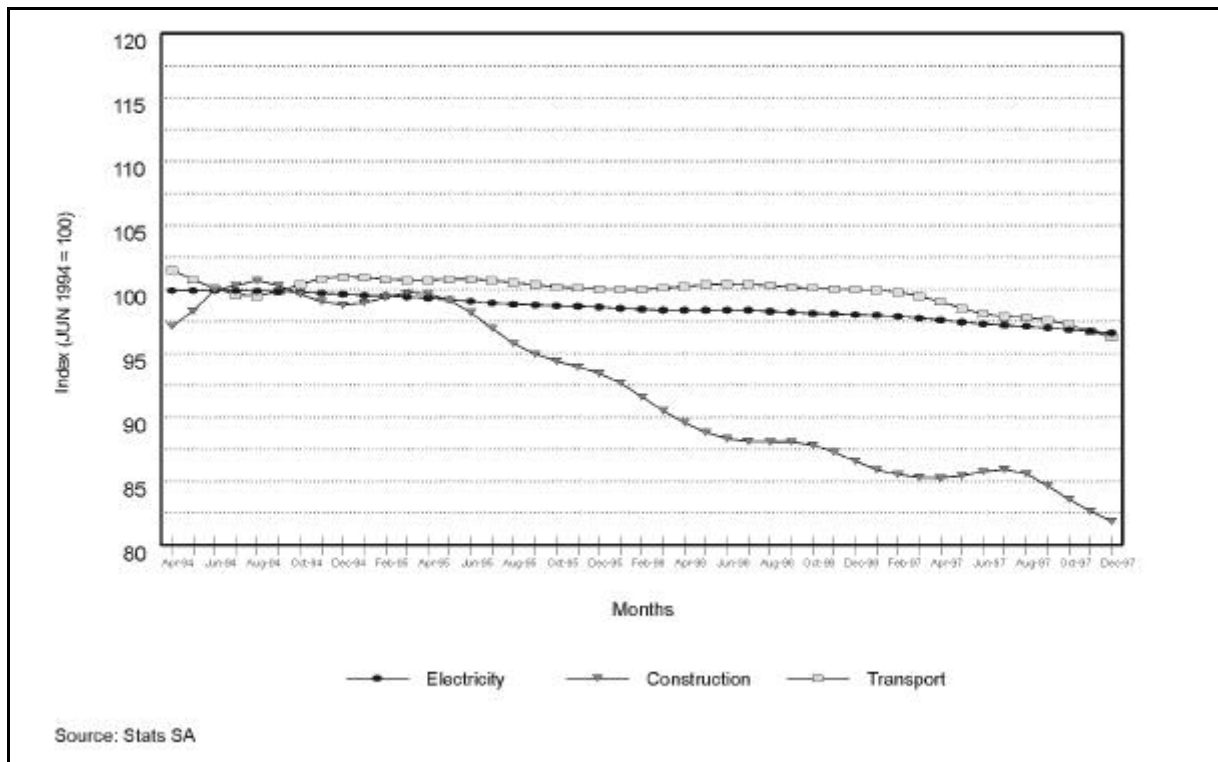
- *Community, social and personal services.* From June 1994 (when baseline = 100) to December 1997, the employment pattern in the community, social and personal services sector was uneven. At some points in time there were increases in employment, but at others there were losses. However, Figure 20 indicates that, by the end of the period, there was a slight decrease in jobs in the sector, compared to June 1994.
- *The manufacturing sector.* This sector (Figure 20) showed a steady loss in employment during the time under consideration, after an initial slight increase.
- *Mining and quarrying.* Employment in the mining and quarrying sector is characterised by a steep rate of job decreases between April 1994 and December 1997 (Figure 20).



**Figure 20: Sectors in which there was an overall loss in employment: April 1994-December 1997 (community services, manufacturing and mining)**



- *Construction.* As indicated in Figure 21, the formal construction sector has shown a particularly steep downward trend in the number of jobs available in it during the time under discussion.
- *Transport.* The trend in employment over time in the formal transport sector shows a relatively slight decrease, compared to the other sectors, to December 1997.
- *Electricity.* The trend line in Figure 21 shows an overall gradual downward trend in the number of jobs in the sector between April 1994 and December 1997.



**Figure 21: Sectors in which there was an overall loss in employment: April 1994-December 1997 (transport, construction and electricity)**

# Chapter 6

## The dynamics of employment: the special retrospective survey

The special retrospective survey of employment and unemployment (SRS) was conducted in September 1997. It was undertaken partly as a possible contribution of background information to the employment summit, which was initially scheduled for late-1997; and partly in preparation for Stats SA's rotating panel household-based labour force surveys.

The SRS uncovered the need for further research into a diverse range of employment issues. For example, it revealed different responses when questions on employment are answered by a proxy, as against answers by the respondent. It also raised questions around effects of the way in which a survey is introduced, the phrasing and ordering of questions and the translations. These are presently being investigated in preparation for Stats SA's new periodic labour force surveys.

Nevertheless, the SRS yielded interesting patterns over time of peoples' movements into and out of employment and of the various economic sectors.

### Movements into and out of employment

In the SRS, 12 000 respondents were asked to report on their own experiences of employment and unemployment over the 40-month period starting in April 1994 (the first democratic elections in South Africa), and ending in September 1997 (the time of the interview).

- For example, a person who was employed in April 1994 and became unemployed or not economically active in May of the same year was defined to have experienced a change of status. This process was repeated for consecutive months for each individual. The last transition was between July and August 1997.
- Throughout the 40 months, there were some 1 194 changes of status; 608 cases where a job was lost; and 587 cases when an unemployed or not economically active person found a job.
- Of the 6 463 persons who were employed at the time of the interview, more than 93% (5 997) of them reported having worked throughout the three-year period, without experiencing a single episode of unemployment.
- Similarly, of the 5 151 who were unemployed at the time of the interview, 90% (4 643) had not worked at any time between April 1994 and August 1997.
- This finding corroborates the large proportion of unemployed people in the successive OHSs who were unemployed for three or more years.

Multiple transitions were quite rare.

- About 81% of the movers (from one status to another) did this only once.
- Of those who were unemployed and found a job, 94% did not move again.

- If a person lost a job, then there was a 90% chance that he or she remained unemployed for the rest of the time.
- The maximum number of transitions over the 40 months was four, and such respondents represented only 0,1% of all transitions.

One must bear in mind the possible ‘smoothing’ effect of memory (people who are unemployed tend to forget short periods of employment and *vice versa*). Nevertheless, the SRS showed that the state of being employed or unemployed is rather stable over time. People who are already unemployed find it difficult to find work, and this is also likely to apply to those who lose their jobs.

## **Month-on-month changes in formal, establishment-based employment surveys and in the SRS**

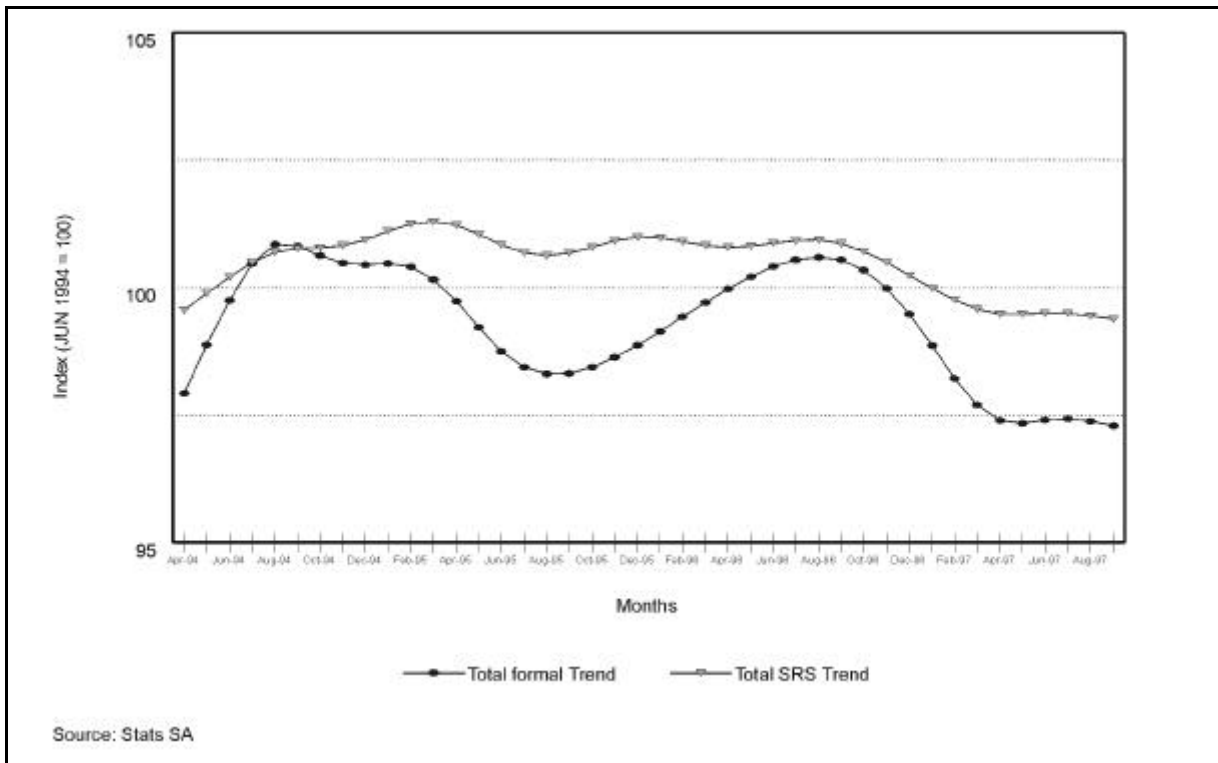
The month-on-month changes in formal sector employment will now be compared with month-on-month changes in the SRS. This comparison is not appropriate for the successive OHSs since, at present, they provide only four points in time (1994, 1995, 1996 and 1997) on which to base them.

In both instances, June 1994 is taken as the starting point for examining month-on-month changes in employment.

- In June 1994, employment in total and in each sector is given a value of 100 in both series.
- We then examine the extent of change in the SRS compared to formal sector employment, from June back to April 1994 and then forward to December 1997.

### **Total formal sector and SRS employment**

- Figure 22 compares employment trends through information obtained from formal sector surveys and the SRS.
- The formal sector and the SRS lines tend to move in the same direction, but the extent to which they move differs. Employment in the formal sector shows more variation than employment in the SRS. This may in part be explained by the role of the informal sector in providing employment to some people in times of job loss, and in part by the possible ‘smoothing’ effect of memory.
- Both the SRS and the formal sector employment lines show an overall decrease in employment between June 1994, where the base of 100 was set, and September 1997.
- The overall decrease is steeper in the formal sector than it is in the SRS. This may be due at least in part to employment opportunities in the informal sector.



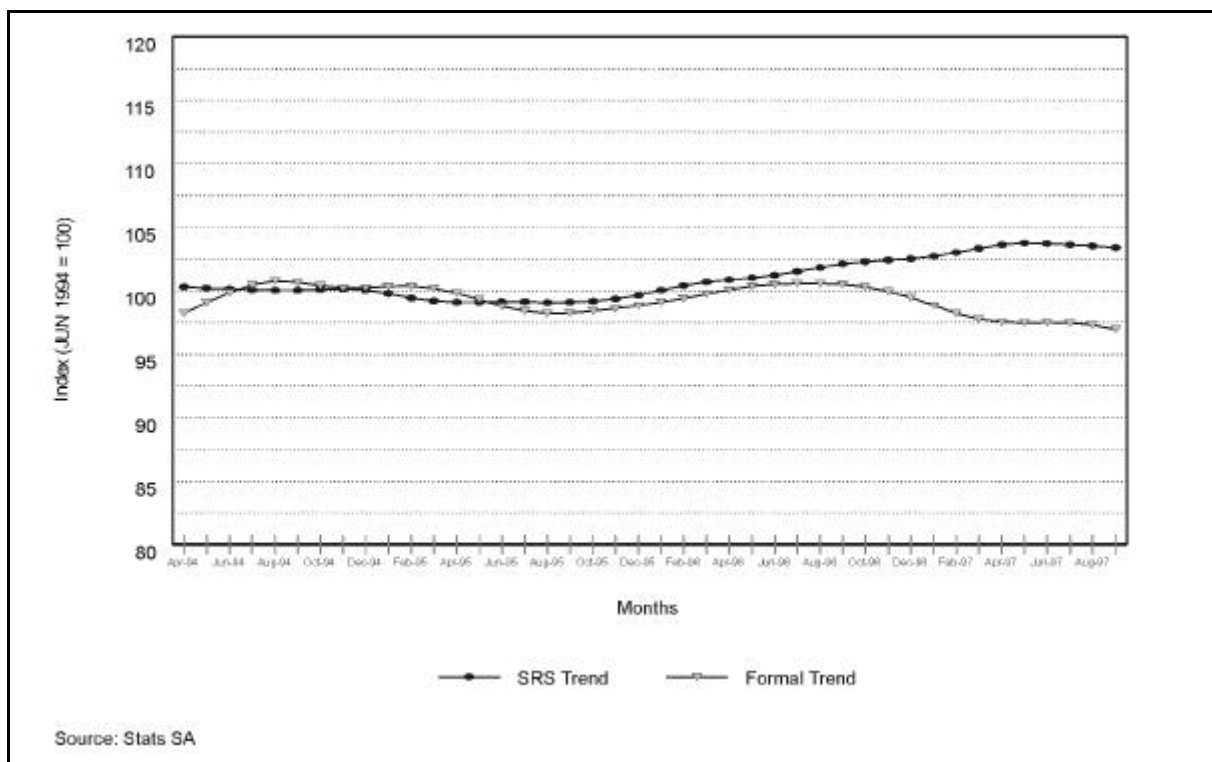
**Figure 22: Comparison of month-on-month changes in formal sector and SRS employment**

### Sectoral comparison

The mining and agricultural sectors are excluded from this discussion when we compare SRS and formal sector employment trends, since agriculture is excluded from formal sector surveys, and mining is inadequately covered in a household survey because of incomplete access to hostels.

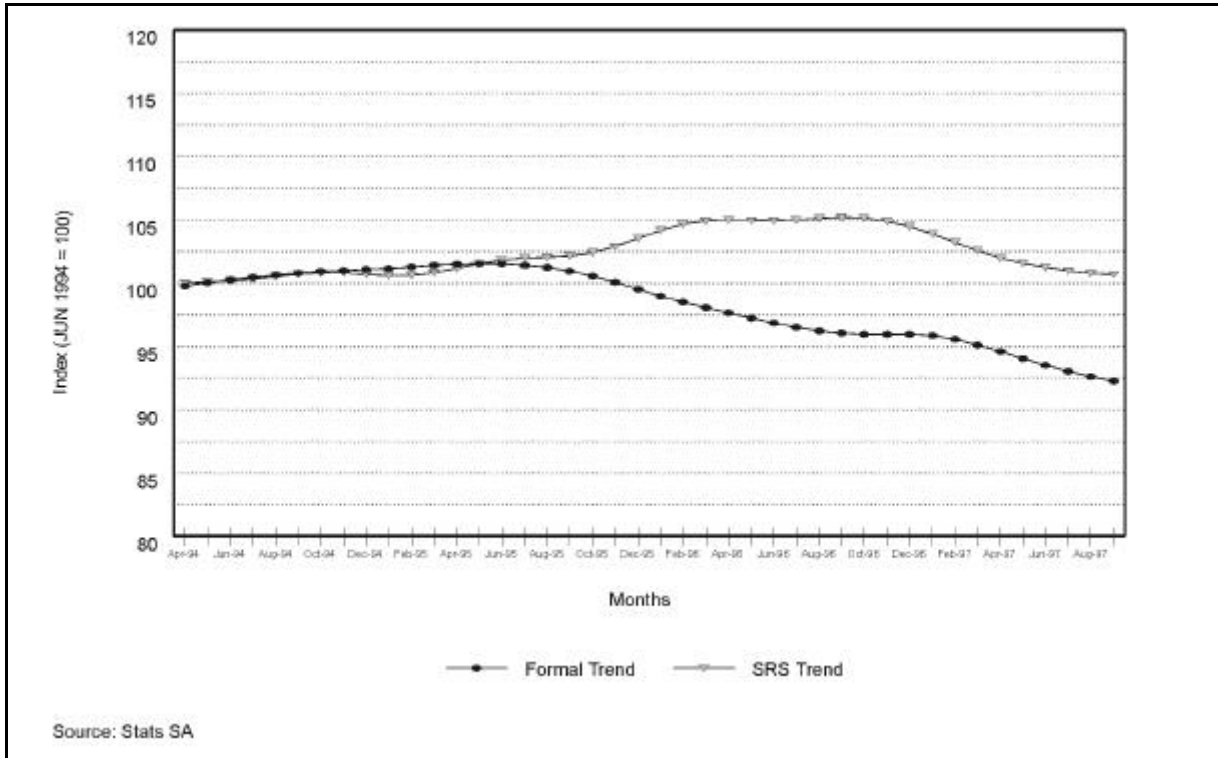
We now review the trend lines of month-on-month changes between April 1994 and December 1997 for each sector, taking June 1994 as the starting point of 100. The differences between employment trends in formal sector surveys and in the SRS have been shown graphically in four instances as illustrative examples, rather than in all instances.

- *Community, social and personal services.* From June 1994 (when baseline = 100) to December 1997, the employment patterns in the community, social and personal services sector followed each other closely in the formal sector surveys and the SRS, and then started to show a slight degree of divergence (Figure 23, overleaf).

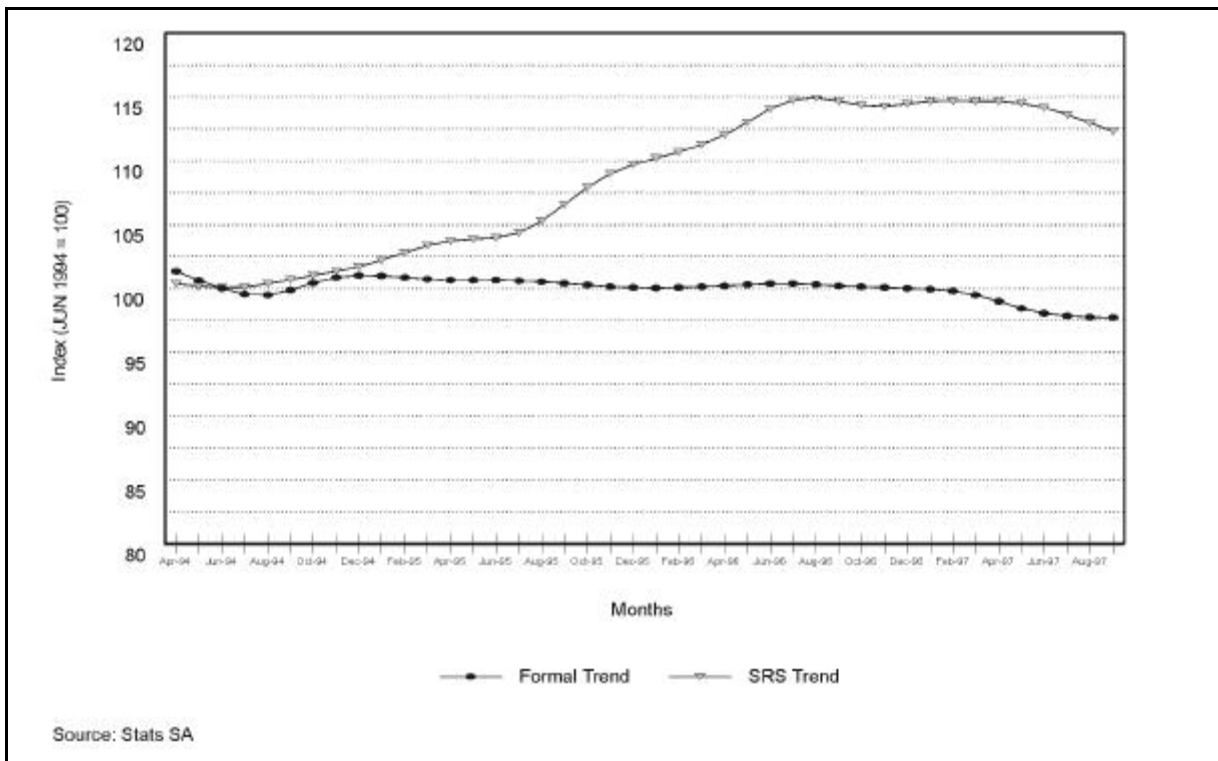


**Figure 23: Comparison of month-on-month changes in formal sector and SRS employment in the community, social and personal services sector**

- *The manufacturing sector.* In formal employment, this sector showed a steady loss in employment during the time under consideration, after an initial slight increase (see Figure 24). But in the SRS, it showed an overall slight increase over the time period. The increase was larger between late 1995 and early 1997, but then it tailed off. The difference may in part be due to some informal sector activity.
- *Construction.* The formal construction sector has shown a particularly steep downward trend in the number of jobs available in it during the time under discussion. This trend was mirrored, albeit less steeply, in the SRS.
- *Transport.* The trend in employment over time in the formal transport sector shows a relatively slight decrease. However, in the SRS, there is an overall divergence and increase in jobs over time, possibly as a result of the growing informal taxi industry (Figure 25).
- *Electricity.* The trend line shows an overall gradual downward trend in the number of jobs in the sector in both data sets between April 1994 and December 1997.

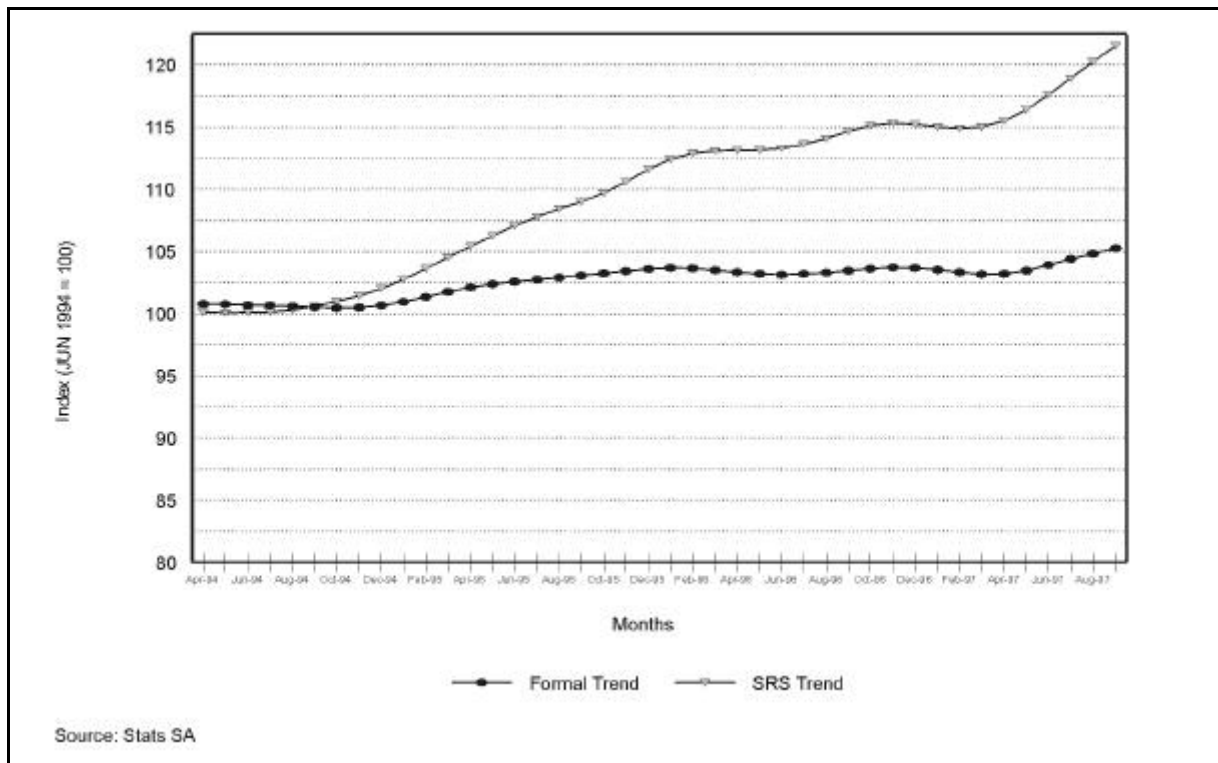


**Figure 24: Comparison of month-on-month changes in formal sector and SRS employment in the manufacturing sector**



**Figure 25: Comparison of month-on-month changes in formal sector and SRS employment in the transport sector**

- *The wholesale, retail, motor trade and accommodation sector.* When looking at the trend line of the entire period between April 1994 and December 1997 in this sector, Figure 26 indicates that its employment pattern shows a relatively steady increase over time. This increase was slightly larger in the SRS than in the formal business sector, possibly due to informal sector activity being picked up in the SRS.
- *The financial sector.* The trend lines for the SRS closely followed those of the formal sector.



**Figure 26: Comparison of month-on-month changes in formal sector and SRS employment in the trade and accommodation sector**

# Chapter 7

## Poverty and labour market status

In 1995, Stats SA conducted an *income and expenditure survey* at the same time as the annual October household survey. Each household which answered the OHS questionnaire was also approached to answer a detailed questionnaire about the household's income and expenditure.

On the basis of the data from the second survey, households could be divided nationally into five roughly equal groups, or quintiles, according to the size of the annual household income. Quintile 1 contains the poorest households – those with annual incomes of R6 868 or less in October 1995. Quintile 5 contains the richest households, whose annual incomes were R52 801 or more in 1995.

Household weights in this section are based on the 1991 census rather than on the preliminary results from Census '96, because *household* weights were not calculated as part of the preliminary results. Weights for *individuals* were however based on the post-enumeration survey, and preliminary estimates of the population size from Census '96.

The quintile measure used here, in taking total household income rather than income *per capita* or adult-equivalent, understates the disparities between households in the different quintiles. The reason is that, on average, poorer households are generally also larger households. The income per person is thus proportionately lower among the poorest.

While it is recognised that income is not necessarily the best or only measure of poverty, for the purposes of this comparison, it is the most accessible.

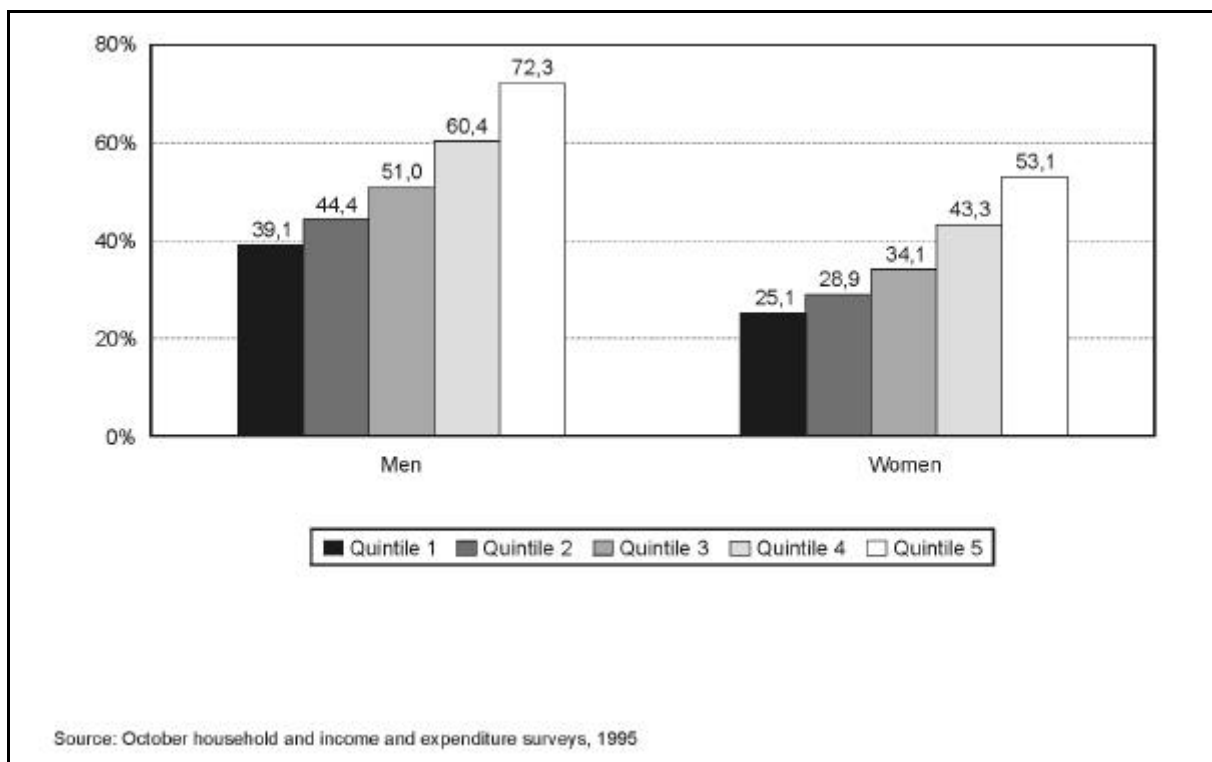
This section looks at some of the labour market characteristics of households in the different income quintiles to show some of the links between labour market status and poverty.

### **The economically active by income quintile and gender, 1995**

Figure 27 (overleaf) shows the economically active population (the employed and the unemployed) as a percentage of all those of working age (in the age category 15 to 65 years), using the official definition of unemployment.

- Within each quintile there were proportionately fewer economically active women than men. For example, in quintile 1 (the poorest group), 39% of men were economically active, as against 25% of women.
- For both men and women the higher the income, the more likely the person was to be economically active. For example, in quintile 2, only 44% of men and 29% of women were economically active, but in quintile 5 (the richest group) 72% of men and 53% of women were economically active.





**Figure 27: The percentage of men and women in each income quintile who are economically active: 1997**

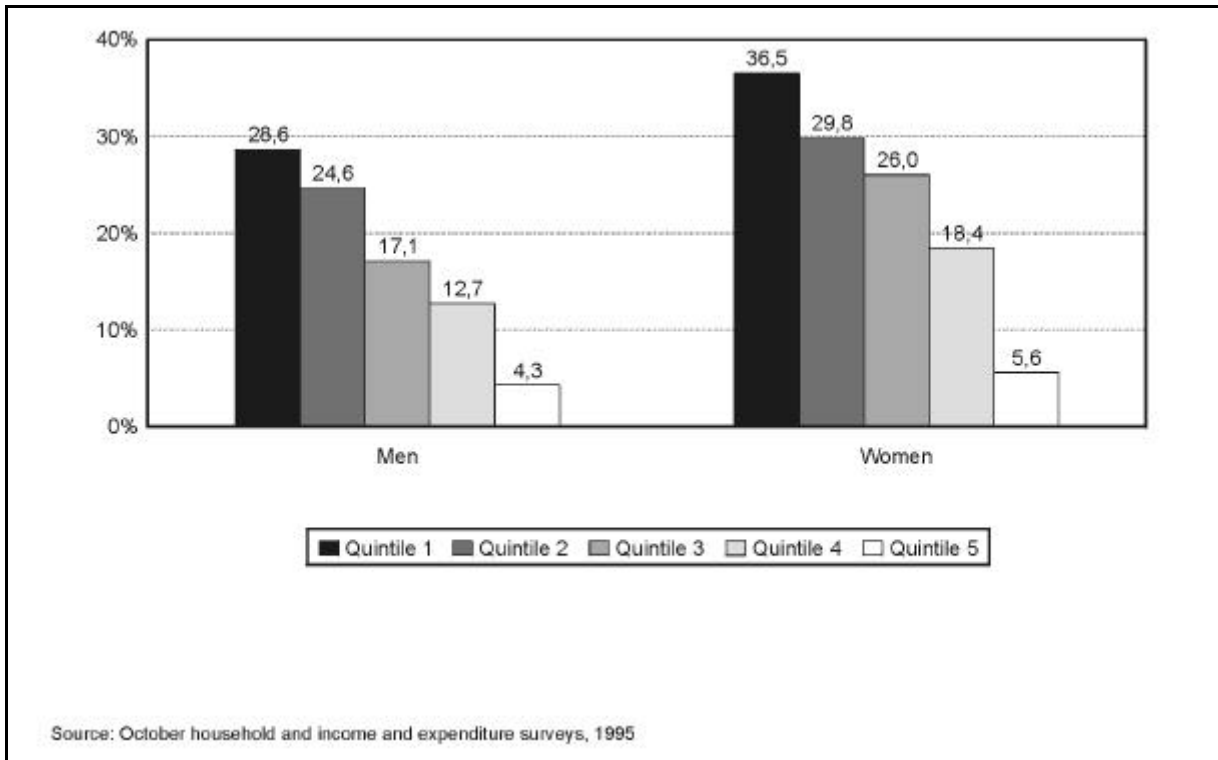
## Unemployment rates by income quintile and gender, 1995

- Figure 28 shows the breakdown of the official unemployment rate by annual household income quintile. It indicates that, for both women and men, there was a steady decrease in the unemployment rate with increasing household income, using the official definition of unemployment.
- Among the poorest fifth of households, the unemployment rate was 29% for men and 36% for women. Conversely, among the wealthiest fifth of households, the unemployment rate was only 4% for men and 6% for women.

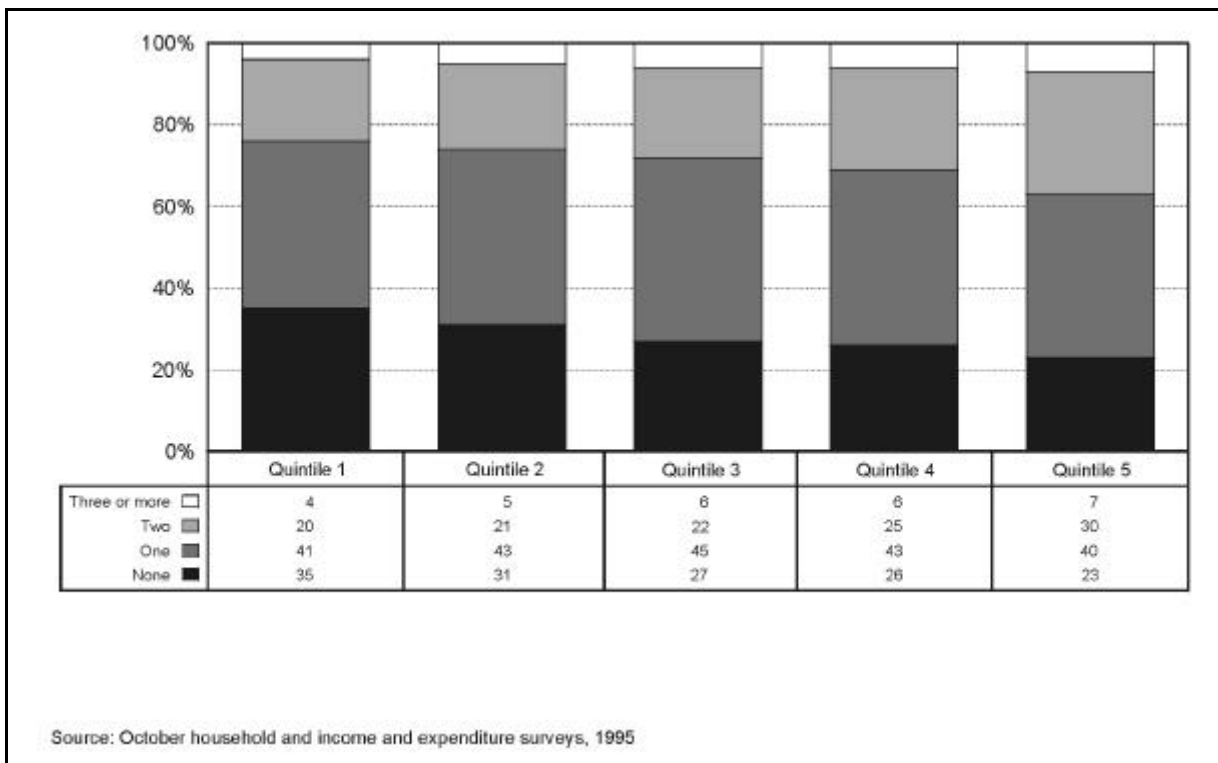
## Number of employed people per household by income quintile, 1995

The different unemployment rates shown above in Figure 28 translated into differing numbers of employed people per household across the quintile groupings. Overall, in 1995, 28% of households contained no earners, 43% contained one earner, and the rest contained two or more.

- During 1995, 35% of households in the bottom quintile contained no employed people, compared to 23% in the top quintile (Figure 29).
- Conversely, 24% of households in the bottom quintile contained two or more employed people, compared to 37% of those in the top quintile and 31% in the fourth quintile.



**Figure 28: Official unemployment rates in each income quintile: October 1995**



**Figure 29: The percentage of households in each income quintile containing no employed people, or one or more employed people: October 1995**

## **Number of employed people per household by population group, 1995**

- Thirty-two percent of African households contained no employed people and only 22% contained two or more.
- Among the other population groups, between 41% and 44% of households contained two or more employed people.
- The relatively high proportion, 28%, of white households with no employed people reflects a high proportion of single-person pensioner or retiree households.

# Chapter 8

## Further analyses and comparisons of data sets

### Relationships among factors influencing unemployment and occupation

This report has shown, notably in Chapter 3, how the level of unemployment varies among demographic groupings such as gender or population group; and sub-groups, such as women vs men in rural locations. It showed similar variations in Chapter 4 regarding occupations among the employed.

Because the OHS samples are large, there are many such differences that are ‘statistically significant’ at quite a stringent level – by which is meant that one may be confident that the variations, as uncovered in the October household survey (OHS) sample, do actually obtain in the population at large.

However, even the limited range of variations we have selected for display may be bewildering for a policy-maker who is thinking, in broad terms in the first instance, about prioritising job-creation interventions. For such a user, it is useful to know which are the most noteworthy variations, and how they ‘hang together’. This may be established by an appropriate statistical technique, called loglinear analysis.

### Most important demographic factors affecting unemployment

Starting with unemployment, and taking the new official definition and 1997 figures, the technique tells us that the relationships listed below were the most important ones to examine. In fact, this model guided our choice of the results displayed in Chapter 3.

The model indicates that the unemployment rate was notably different:

- among the four population groups (Figure 6 in Chapter 3);
- between men and women (Figure 6);
- for people with different levels of education; and in turn varied
  - in urban as against rural locations (Figure 7);
  - for people in the different age groups (Figure 8).

The unemployment rates are summarised again in Table 9 (overleaf). Each row shows the unemployment rate for the specified sub-group. For example, in the very last row, one sees that, in the case of those in urban areas and with matric. or more, the unemployment rate was 16%.

Near the top of the table, the well-known gradients are evident: rising unemployment as one moves from considering Africans through to whites, or women to men.

The relationship between education and unemployment is more intricate: it was ‘curvilinear’, i.e. unemployment was highest (25%) for those with an intermediate amount of education, and lower for those with none (19%) or with matric. or more (18%).

When this result was broken down further, by location and by age, one sees that the curvilinear relationship between unemployment and education also applied in the young and intermediate age groups, and in urban areas. But in the 46-65 age group the relationship was roughly linear (the higher the education level, the less the extent of unemployment); and in rural areas the relationship was linear but in the opposite direction (the higher the education level, the greater the extent of unemployment!). It will be important to establish the reasons for these patterns, so that policy-makers concerned with education and the labour market can design appropriate programmes.

**Table 9: Summary of 1997 unemployment rates (official definition) by various groupings**

	Unemployed	
	%	%
<b>Average unemployment rate</b>	<b>23</b>	
<b>by population group</b>		
African	29	
Coloured	16	
Indian	10	
White	4	
<b>by gender</b>		
Women	28	
Men	19	
<b>by education level</b>		
No education	19	
Less than matric.	25	
Matric. or more	18	
<b>by education level within age</b>		
15-30 yrs	35	
No education		35
Less than matric.		39
Matric. or more		29
31-45 yrs	19	
No education		17
Less than matric.		24
Matric. or more		7
46-65 yrs	10	
No education		12
Less than matric.		12
Matric. or more		5
<b>by education level within location</b>		
Non-urban	27	
No education		19
Less than matric.		28
Matric. or more		31
Urban	22	
No education		20
Less than matric.		26
Matric. or more		16

Further loglinear modelling shows that, as regards unemployment, the strongest variation over time between 1995 and 1997 was in the overall unemployment rate. This, we saw in Table 3 of Chapter 3, rose significantly from 16,9 to 22,9% over the period (using the new, official definition). Other changes over time were less strong, but not unimportant. For example, unemployment over the period rose somewhat more sharply for women (from 20% to 28%) than for men (from 14% to 19%).

## **Comparison of employment and unemployment with other economic indicators**

Using regression models and time series analyses, a correlation has been found between employment and unemployment measures in Stats SA surveys, and other economic indicators.

### **Formal sector employment comparisons**

Comparisons using the non-agricultural formal employment information and other economic indicators revealed the following patterns:

- Employment increases three months after the inflation rate has increased.
- Employment decreases approximately 11 months after the real prime overdraft rate has increased.

### **OHS unemployment rates comparisons**

- The trend of rate of unemployment across OHSs increases three months after the GDP and the inflation rate have decreased.
- The trend rate of unemployment across OHSs increases five months after the interest rate has increased.

## **Most important demographic factors affecting the distribution of occupations**

Similar loglinear modelling identifies the important relationships to examine, regarding occupation. Aspects of these were displayed in Chapter 4. The display is more laborious, since four or even ten categories are involved, rather than a single figure showing the level of unemployment for a sub-group. The model indicates that the most important relationships in the 1997 data were as follows.

The distribution of the employed into occupations was notably different:

- for men vs women (Figure 14 in Chapter 3); and in turn varied by
  - population group (Figure 15);
- by education level (Figure 16); and in turn varied by
  - population group;
  - men vs women;
- in urban vs non-urban locations (at Figure 15); and in turn varied by
  - population group.
- by age group.

The occupational distributions for an indicative selection of these relationships are shown in Table 10 below. For convenience, occupation is collapsed into three categories (summing horizontally to 100%).

The table reveals gradients of inequality that are well-known in industrial society, and heightened in South Africa by the apartheid legacy of racial and gender discrimination. For instance, comparing African men and women, one sees twice as high a proportion of women (49%) as men (24%) in elementary occupations, mainly because of African women domestics. By contrast, reading vertically in the same part of the table, one finds very similar gradients in the proportion of managers: as one moves from Africans to whites, from 22% to 50% are managers among women, vs 15% to 51% among men.

**Table 10: Summary of occupational distribution in 1997 by various groupings**

	A %	B %	C %	A %	B %	C %
<b>Average occupational distribution</b>	<b>25</b>	<b>48</b>	<b>28</b>			
<b>by population group within gender</b>						
Women	24	55	21			
African				22	30	49
Coloured				22	38	41
Indian				36	58	5
White				50	46	4
Men	27	35	38			
African				15	61	24
Coloured				17	53	30
Indian				41	48	11
White				51	42	7
<b>by population group within educ. Level</b>	4	44	53			
No education				3	44	52
African				3	39	58
Coloured				-	-	-
Indian				-	-	-
White						
Less than matric.	5	77	18			
African				8	50	42
Coloured				11	48	41
Indian				26	61	13
White				32	59	9
Matric. or more	52	41	8			
African				49	41	11
Coloured				46	45	9
Indian				48	46	6
White				56	40	5
<b>by location</b>						
Non-urban	16	43	40			
Urban	28	47	25			

A = managerial, professional and technical  
 B = clerical, sales, artisan, and operator  
 C = elementary (unskilled)

In the middle section of the table, one sees that if one has less than matric., population group powerfully determines one's chance of being a manager: the proportion of managers in this education level rises from 8% among Africans to 32% among whites. But if one has matric., the chances of being a manager are much less unequal among the population groups: from 49% among Africans to 56% among whites.

In the bottom section of the table, one sees that, while intermediate occupations predominate in both urban and rural locations, managerial occupations are much more prevalent in the former and elementary (unskilled) ones in the latter.

## **Issues in comparing data sets**

The data presented in this report are, for the most part, derived from the annual October household surveys. In addition, we point out some employment trends in the enterprise surveys of the formal non-agricultural sectors and compare these to the SRS of late 1997. The trends in the three data sets are similar in some respects, but they differ in others. For the most part, these divergences relate to the different coverage of the three instruments, in that the enterprise surveys cover only formal, or registered, businesses, while the other two cover households, but in different ways, using different questions.

Some additional reconciliations are necessary even in comparing the results from the successive October household surveys. The questionnaire used in these surveys is constantly being developed, as Stats SA – with advice from a reference group of users and international consultants – tries to find the instrument which will best capture the situation in the country. These improvements in the questionnaire do, however, mean that data from the different years are sometimes not completely comparable.

A major concern in this document is the extent of unemployment in the country, as derived from the four October household surveys. This chapter provides some of the more technical details behind these calculations.

As noted earlier, the unemployment rate is calculated by dividing the number of people who are unemployed by all those who are economically active and then expressing this figure as a percentage. The economically active are defined as the total of those who are employed and those who are unemployed, the latter according to either the official or the expanded definition.

Stats SA has, over the last few years, used the expanded unemployment rate rather than the strict one. It noted that the expanded rate has relevance in a situation where many of those who would like jobs know that the likelihood of finding a job is remote, that the official channels for doing so are limited, and that it is therefore difficult to find resources (time, money, transport and energy) to look actively for employment.

The expanded unemployment rate does, however, introduce more subjectivity into the measure of the unemployment rate, and instability in tracking trends, as it is more difficult to distinguish what constitutes 'wanting' a job than to say whether someone has engaged in definite actions to find one.



As noted in Chapter 3, the October household surveys of 1994 to 1995 show a drop in the new official unemployment rate from 20,0% in 1994 to 16,9% in 1995. Thereafter the rate increases to 21,0% in 1996 and 22,9% in 1997. For expanded unemployment, the same four surveys yield a similar pattern – a drop from 31,5% in 1994 to 29,2% in 1995, followed by an increase to 35,6% in 1996 and 37,6% in 1997.

Readers may notice that the expanded rate reported here for 1995, namely 29,2%, differs very slightly from that reported in previous Stats SA publications, i.e. 29,3%. The difference results from the use of post-enumeration survey weights from the 1996 population census, rather than those of the 1991 census, as well as a slight change in the method of calculation, necessitated by quite significant changes in the way the employment questions were phrased and sequenced over the period 1994 to 1997.

At some point in all four questionnaires, the informant is asked to categorise each adult household member according to their economic status. Besides the different employment categories, there are a number of categories for those who are not economically active (such as full-time homemaker, full-time student, pensioner or retiree, and so on). There are also two categorisations for those who could potentially be regarded as unemployed. These are ‘unemployed and looking for work’, and ‘not working, not looking for work’ (in 1994, 1995 and 1996) and ‘not working, not looking for work, but available for work’ (in 1997). The difficulty is, firstly, how to classify those ‘not working, not looking for work’ in terms of economic status and, secondly, how to compare the results of the surveys with this and other differences.

One solution – a ‘very expanded’ definition of unemployment – would be to consider all those not working, but not classified into one of the other categories of the not economically active, as unemployed. This has the problematic effect of including among the unemployed those people who do not want to work. It is additionally problematic in the South African context where, in some of the official languages, interviewers would have translated ‘unemployed’ as ‘looking for work’, while others would have translated it simply as ‘not working’.

To arrive at our current definition of expanded unemployment we have, therefore, classified those who were said to be ‘not looking’ for work as not economically active. In addition, we have classified as not economically active those who were said to be unwilling to accept a suitable job if it were offered within a week. In order to get to the official definition, there is one further set of people who are reclassified from unemployed to not economically active – those who have not taken active steps to find a job in the past four weeks.

Table 11 compares the three rates of unemployment – the very expanded, the expanded and the official – for the four most recent years of the October household survey. As can be seen, there are similar trends across the years for all three rates, but at different levels. The very expanded measure ranges between 37,4% and 42,4%. The expanded definition as above ranges between 29,2% and 37,6%. The official definition ranges between 16,9% and 22,9%.

**Table 11: October household survey, 1994-1997: unemployment rates**

Rates of unemployment	1994 %	1995 %	1996 %	1997 %
<b>Very expanded unemployment rate</b>	38,4	37,4	41,7	42,4
<b>Expanded unemployment rate</b>	30,9	29,1	35,6	37,8
<b>Official unemployment rate</b>	19,2	16,9	21,0	22,9

The SRS of late 1997 also asked questions about current employment status of respondents, but with questions once again somewhat differently phrased and ordered to those of the October household surveys. Overall, the survey yielded higher levels of unemployment – 48,0% on the very expanded definition and 26,7% on the official definition. But the difference between the very expanded, expanded and official is very similar across all surveys.

Also of interest in this respect is a comparison of the October household survey results with those of the Project for Statistics on Living Standards and Development (PSLSD) of 1993, often referred to as the World Bank/SALDRU survey. The PSLSD researchers reported that the expanded rate of unemployment for the country was 30,1%.<sup>2</sup> This is very similar to the expanded rate in the 1994 and 1995 October household surveys. However, the PSLSD survey yielded a strict unemployment rate of 12%, somewhat lower than that in the October household surveys. The difference underlines the importance of the work-seeking criterion in that the PSLSD required that the person had taken active steps to find work within the previous *fortnight*, rather than the previous four weeks.

The choice of definition for the employment rate is important for several reasons. Firstly, different rates yield different absolute numbers of people who may be said to need jobs. The strict definition, by classifying people as not economically active rather than unemployed, categorises them as dependents of earners and potential earners, rather than workseekers. Secondly, we see below how this change in definition affects certain groups or types of people more than others.

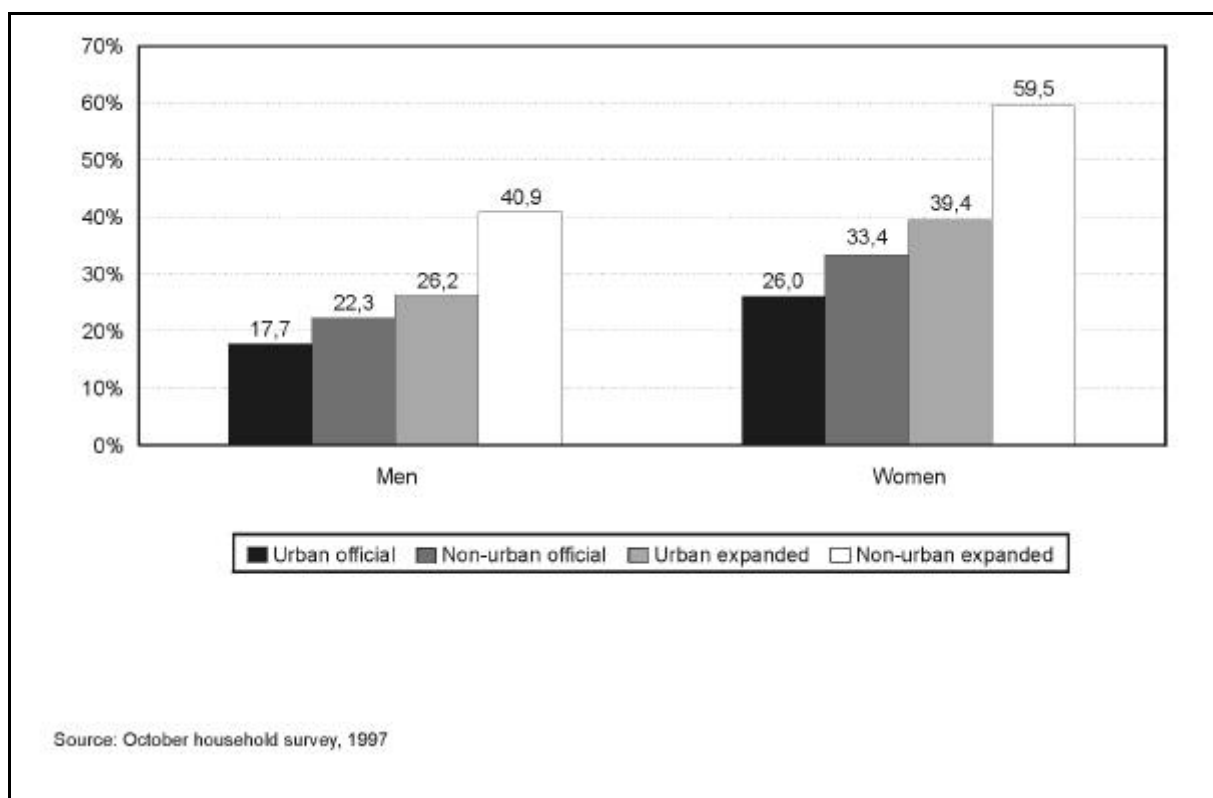
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<sup>2</sup> Project for Statistics on Living Standards and Development, 'South Africans Rich and Poor: Baseline household statistics', SALDRU, School of Economics, University of Cape Town, August 1994, p. 142.

## Official and expanded unemployment by location and gender

Figure 30 shows the two rates of unemployment – expanded and official – for women and men in urban and non-urban areas in 1997.

- The gap between the two rates was larger in non-urban areas, where there were 26 percentage points difference between the rates for women, and 19 percentage points difference for men. In urban areas the gap was halved: for women it was just over 13 percentage points and for men 9 percentage points.
- In other words, those who are unemployed according to the expanded but not the strict definition tend to be more concentrated in rural areas and among women.



**Figure 30: Official and expanded unemployment rates in urban and non-urban areas by gender**

The differential impact of the choice of definition can be expressed in another way. For example, non-urban women accounted for 19% of the total population aged 15 to 65 years, but they constituted 29% of those re-categorised from unemployed to not economically active. Urban men, on the other hand, accounted for 30% of the working age population, but only 19% of those re-categorised.

Bringing population group into account, one finds in Table 12 that African women accounted for 41% of the working age population, but 57% of those reclassified as not economically active. At the other end of the spectrum, white men accounted for 5% of the population, but under one percent of those reclassified as not economically active.

**Table 12: Percentage of the population and of people reclassified for different definitions of unemployment by population group and gender: 1997**

	African men %	African women %	Coloured men %	Coloured women %	Indian men %	Indian women %	White men %	White women %
<b>% of the total population aged 15-65 years</b>	33	41	6	6	2	2	5	6
<b>% who were reclassified as not economically active</b>	36	57	2	3	0	1	0	1

Source: October household survey, 1997

It can thus be seen that the move to the strict definition of unemployment as the official definition has little effect on the trends over the years (and has the decisive advantage that South Africa is appropriately compared internationally with the overwhelming majority of developed and developing countries). However, the differing extents to which certain categories of people are thereby categorised as not economically active rather than unemployed does need attention from policy-makers in conceiving job-creation priorities and programmes. This is why Stats SA will continue to refer to the expanded definition as well as the new official one.

**PLEASE TURN THE PAGE**

# Appendix A

## Official definitions of employment and unemployment

Countries which include the requirement of seeking work in their definition of unemployment		Countries which exclude the requirement of seeking work
Albania	Macao	Anguilla
American Samoa	Macedonia	Antigua & Barbuda
Argentina	Madagascar	Bahrain
Aruba	Malaysia	Burundi
Australia	Maldives	Cape Verde
Austria	Martinique	Central African Rep
Bahamas	Mauritius	Gabon
Barbados	Mexico	Hungary
Belgium	Morocco	India
Belize	Nauru	Ireland
Benin	Netherlands Antilles	Korea, Republic OF
Bermuda	New Zealand	Mongolia
Bolivia	Northern Mariana Islands	Namibia
Botswana	Panama	Nepal
Brazil	Papua New Guinea	New Caledonia
Brunei Darussalam	Paraguay	Norway
Bulgaria	Peru	Puerto Rico
Canada	Philippines	Samoa
Cayman Islands	Portugal	Sweden
Chad	Reunion	
Chile	Romania	
China	St Lucia	
Comoros	St Vincent and the Grenadines	
Cook Islands	Sao Tome and Principe	
Cyprus	Saudi Arabia	
Czech Republic	Singapore	
Dominican Republic	Slovakia	
Ecuador	Slovenia	
El Salvador	South Africa	
Equatorial Guinea	Spain	
Finland	Sudan	
France	Switzerland	
French Guiana	Syrian Arab Republic	
Gambia	Thailand	
Gibraltar	Trinidad and Tobago	
Greece	Turkey	
Grenada	Uganda	
Guadeloupe	United Kingdom	
Guam	United States	
Guatemala	Vanuatu	
Hong Kong	Venezuela	
Indonesia	Viet Nam	
Iran, Islamic Rep OF	Virgin Islands (British)	
Isle of Man	Virgin Islands (US)	
Italy	Zambia	
Jamaica	Zimbabwe	
Japan		
Kenya		
Luxembourg		

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# Appendix B

## The labour market, including miners

To give an indication of the effect of including miners on employment and unemployment rates, in the table below, employment in the mining and quarrying sector has been taken from data collected as part of Stats SA establishment surveys in the formal sector, and incorporated with the household survey data.

The inclusion of miners results in an increase in the size of the economically active population and the number of workers, and a decrease in both the official and the expanded unemployment rate.

- When miners are included, the official unemployment rate becomes 18,8% for 1994, but falls to 15,9% for 1995, and then rises to 19,9% for 1996 and 21,7% for 1997.
- The expanded unemployment rate, including miners, was 30,0% in 1994, but fell to 27,7% in 1995, and by 1997 had increased to 36,0% of the economically active.

<b>A: Employed and labour absorption, including miners</b>		<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
<b>a</b>	<b>Population 15-65 years (000)<sup>1</sup></b>	21 467	21 907	22 377	22 818
<b>b</b>	<b>Employed (000)</b>	8 572	8 652	8 152	8 072
<b>c=100*b/a</b>	<b>Labour absorption rate (%)</b>	39,9	39,1	36,4	35,4

<b>B: Official unemployment rate and corollaries, including miners</b>		<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
<b>d</b>	<b>Unemployed, official definition (000)</b>	1 988	1 644	2 019	2,238
<b>e=b+d</b>	<b>Economically active (000)</b>	10 560	10 296	10 171	10,310
<b>f=a-e</b>	<b>Not economically active (000)<sup>2</sup></b>	10 907	11 612	12 206	12,507
<b>g=100*d/e</b>	<b>Official unemployment rate (%)</b>	18,8	15,9	19,9	21,7

<b>C: Expanded unemployment rate and corollaries, including miners</b>		<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
<b>h</b>	<b>Unemployed, expanded definition (000)</b>	3 672	3 321	4 197	4 551
<b>i=b+h</b>	<b>Economically active (000)</b>	12 244	11 973	12 349	12 623
<b>j=a-I</b>	<b>Not economically active (000)</b>	9 223	9 934	10 028	10 195
<b>k=100*h/I</b>	<b>Expanded unemployment rate (%)</b>	30,0	27,7	34,0	36,0

1. The population figures are derived from preliminary population estimates of Census '96.

2. The not-economically active include pensioners, full-time students, disabled, full-time homemakers.